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PARIS, MONDAY, MARCH 30, 1981

Established 1887

Space Shuttle Seen as Crucial to Future of Warfare

Strategists Say Launch in April Will Open Possibility for Manned Military Operations

By Richard D. Lyons... The change of the space shuttle month will be a crucial...

benefits would be from military applications... That view has not gone un-

growing debate over whether space, an area where weapons of mass destruction are outlawed...

strengthening of the U.S. military, the shuttle is the realization of a dream of manned military vehicles extending back to the Advanced Reconnaissance Satellite program of the 1950s.

thinkers as Lt. Gen. Daniel O. Graham, retired director of the Defense Intelligence Agency...

This month the Air Force announced that it would build in Colorado a \$450-million Consolidated Space Operations Center...

Poland Signals New Resolve in Growing Crisis

By John Darnon

WARSAW — A crucial Central Committee meeting, which may well decide whether Poland's Communist Party opposes or cooperates with Solidarity, opened Sunday with an attack upon the independent union...

Indonesia Needs to Crack Down on Jackers

Prisoners Sought; Still in Bangkok

From Agency Dispatches... GKOK — Indonesia will demand more than 40 hostages on a commandeered jet in Bangkok...



A man, apparently American Karl Schneider, lies under the cockpit of a hijacked Indonesian jet signaling with a handkerchief after being shot and thrown from the plane in Bangkok.

Washington Backs Talks On Namibia

Reagan to Pursue Carter's Initiative

By Don Oberdorfer

WASHINGTON — The Reagan administration, to a decision of major significance to its policy on southern Africa, has decided to pick up the threads of the Carter administration's program of international negotiations to bring independence to South-West Africa (Namibia).



Lech Walesa, of the Polish independent trade union, Solidarity, and his secretary prayed Sunday in a small church in Warsaw.

Tass Claims Polish Union Resorts to 'Open Struggle'

By Anthony Austin

MOSCOW — The Soviet Union pressed its attacks against the Polish trade union Solidarity on Sunday, accusing it of trying to intimidate Polish security forces and wrest control from the government.

he made his escape while the hijackers were busy with the cockpit radio, 18 hours after the plane landed at Bangkok... An elderly woman was freed when the plane stopped in Penang, Malaysia, on Saturday.

4 Surrender in Panama... PANAMA CITY (UPI) — Four leftist hijackers surrendered and freed 49 hostages Saturday in Panama in a negotiated settlement of their two-day takeover of a Honduran airliner, the state-run Panama radio said.

won their chief demand for the release of Salvadoran leftists imprisoned by Honduras. Shortly after the hostages were released, a Honduran government communique announced that some "undesirable foreigners" would be deported.

Recent Decisions... Mr. Andu was told that the administration had completed the initial phase of its review of U.S. policy on Africa. In this connection, several decisions have been made recently to reduce the apprehension of black African states.

rewritten to include the union's viewpoint and to establish that union members were beaten by policemen... After the negotiations, Lech Walesa and other Solidarity leaders met for 1 1/2 hours with the Polish prime minister, Cardinal Stefan Wyszyński.

INSIDE Indian Strategy... India is mounting a major campaign to persuade the Reagan administration to abandon plans to make Pakistan a front-line state against Soviet advances in the Gulf by selling it arms. Page 2

Reagan Links Grain Ban to Soviet Pressure on Poland

He Asserts That Summit Would Have to Discuss Soviet 'Imperialism'

By Lou Cannon and Lee Lescaze

WASHINGTON — Expressing a grim view of U.S. relations with Moscow, President Reagan said in an Oval Office interview that he will refuse to lift the grain embargo at this time and that any summit meeting with the Russians would have to include discussion of "the imperialism of the Soviet Union."

doubts about Pentagon plans for land-basing of the MX intercontinental missile because that scheme is "so elaborate, so costly, and I'm not sure that it is necessary or would be effective."

The president described the government of Angola as a puppet "dominated by the presence of Cubans, surrogates for the Soviet Union."

recommending an administration task force calling for curbing Japanese imports, may have reflected the advice he received last Wednesday at a meeting with prominent economists.

be that the United States takes an equally dim view of repression of the Polish trade union movement, whether that comes from a crackdown by the Polish government or from a Soviet invasion.



Four plane hijackers in Panama City keep their faces covered as they leave a Honduran jet, followed by Panama government official Ricardo Rodriguez, after arriving Saturday in Managua and surrendering. All hostages aboard the New Orleans-bound plane were freed.

Johannesburg Area Segregated by Law, but Not in Practice

By Joseph Lelyveld
New York Times Service
JOHANNESBURG — A white student who was moving apartment in Hillbrow, a hood here that is vaguely one of New York's Green- lages, was taken aside the y in a confidential manner African woman who the building's caretaker, you don't mind, but a Indian family living next as said. "They're very nice and keep quiet about it."

Town, any crash program to make more land and housing available to coloreds and Indians is likely to draw more of them to the city and is thus unlikely to relieve the problem.

On the other hand, aggressive enforcement of the Group Areas Act is likely to promote an exodus of skilled workers at a time when industrialists make much of a skills shortage that allegedly hobbles South African industry. As matters stand, the housing shortage for coloreds and Indians functions as a kind of "influx control," although these groups are not subject to legal limitations on their movement in the way blacks are under the system of that name.

When these contradictions and complexities are brought to bear on individual lives, the results are normally uncertainly and tension. Cheryl and Michael Noel might be held up as examples of the economic opportunities that are now open to skilled nonwhites in this country.

Complaints Ignored
Mrs. Noel, 27, has a supervisory position in the main branch of Barclays Bank in Johannesburg. Her husband, 33, is a licensed artisan in a plant that builds armored personnel carriers and transports for the South African military. Together they earn about \$24,000 a year, but they live in a dingy one-room apartment in Hillbrow where the rent has been raised three times in the last eight months and their complaints about clogged plumbing are ignored.

They could get a mortgage from Mrs. Noel's bank if they could find land or a house, but they have no prospect of finding either. They could move to Durban, Mrs. Noel's hometown, but the job Mrs. Noel holds in Johannesburg is still reserved for whites in Durban, and Noel would have to take a wage cut of more than 20 percent. What they are thinking of doing is moving to Australia.

Meanwhile, they face charges of being in a white area. Mr. Noel was hauled out of their apartment last month by the police, and by his account, was abused and crudely threatened. Mr. Noel said he was called *boesman* — an Afrikaans word for "bushman" that is an epithet for coloreds — and was told that the police were ready to kill "to keep Hillbrow white." On the other hand, the officers that Mrs. Noel had to deal with when she was charged were courteous and almost apologetic.

"We're not living here because we want to be white," she said. "We don't care where we live as long as we live happy." Her husband said, "But why, he asked, can a British artisan come here under contract with a promise of a rent-free apartment while a colored South African artisan with the same skills cannot find decent housing at any price?"



ANTI-THATCHER PROTEST — Police in Cardiff, Wales, removed a demonstrator outside City Hall after fruit was hurled at Prime Minister Margaret Thatcher's car as she arrived for a Conservative Party meeting. Neither she nor the car was hit. Police made several arrests. Many of the 400 demonstrators were unemployed workers.

Botha Says Bishop to Lose Passport for U.S. Remarks

By Caryle Murphy
Washington Post Service
JOHANNESBURG — An angry Prime Minister Pieter W. Botha said the government would withdraw the passport of black Anglican Bishop Desmond Tutu because of his public remarks about South Africa during a current U.S. visit.

Bishop Tutu is general secretary of the South African Council of Churches, which represents about 15 million Christians, of whom 80 percent are black. He is one of the most outspoken black critics of the country's white minority government.

While in Washington, Bishop Tutu talked with Jesse Kirkpatrick, the U.S. ambassador to the United Nations, and with the designated assistant secretary of state for Africa, Chester Crocker.

Book Pirates Keeping Ahead of Publishers

By Edwin McDowell
New York Times Service
NEW YORK — Five years ago, McGraw-Hill translated a diamond jubilee edition of "Gregg Shorthand" into Spanish for sale throughout Latin America. A fast-buck artist in Peru bought a copy, paid a local printer in Lima to reproduce a cheap off-set edition, then sold the pirated version to bookstores for a fraction of the original cost.

For all the problems there are few effective remedies, in part because few of the nations in which piracy is rampant belong to or honor the Universal Copyright Convention, to which the United States belongs, or the Bern Convention, comprising principally European and some Latin nations.

piracy mills or bookstores on behalf of foreigners, or where judges often treat piracy as a civil dispute, even though the law on copyright makes it a criminal matter. It took McGraw-Hill two years of protracted, costly litigation to force the Peruvian who pirated its shorthand book to agree not to do any more book pirating and to destroy remaining pirated editions.

He might never have been caught," said William Cusick, a McGraw-Hill lawyer, "except that he had the gall to list himself on the title page as the author of the translation."

That leaves it up to legitimate publishers to pursue the matter as best they can in nations where politicians are reluctant to raid local

Some times international politics inhibit the fight against publishing thefts. Mr. Albert, who helped persuade Taiwan to bar export of pi-

rated materials, said that country was about to join the Universal Copyright Convention as well. "But about a month before, they were expelled from the United Nations, then Unesco," he said. "Since Unesco administers the Universal Copyright Convention, Taiwan was no longer eligible to join."

More over, both copyright conventions added reservations in 1974 aimed at helping developing countries obtain books they needed at low rates, according to Mr. Albert, and many countries established copyright clearing centers where they could easily obtain licensing and publishing rights.

American publishers have scant sympathy for the Robin Hood argument that pirated editions are all that many Third World students can afford. The price of most pirated books is only marginally lower than that of legitimate editions.

Man Is Arrested After Bookstore Fire in England

BIRMINGHAM, England — A man used a car to block the doors of a leftist bookstore, splashed gasoline inside the store and the car and ignited them. All seven persons in the bookstore escaped but police found a woman's body in the trunk of the car.

The incident on Friday may be related to a crossbow assault on a pedestrian Tuesday, police said. Police answered an arson call at a Socialist Workers Party bookstore and found the woman's body in the burned-out car. An empty 5-gallon gasoline can was nearby.

Police investigated the possibility that the woman was killed shortly before the firebombing so the arsonist could steal the car. Police spokesman Tim Hilton said an unmarked man in this 20s was arrested shortly afterward in a nearby street. "At this stage we are not rejecting the possibility this incident is connected with two other incidents which took place in Birmingham earlier this week in which a man was shot through the neck by a crossbow on Tuesday and another man was struck over the head by a weapon later the same day," Mr. Hilton said. The crossbow victim survived.

Detroit Gets Archbishop
WASHINGTON — The Most Rev. Edmund C. Szoka, 53, has been named by Pope John Paul II to be archbishop of Detroit, succeeding Cardinal John F. Dearden, who resigned last July for health reasons.

Yuri Trifonov Dies at 55; Prominent Soviet Author

MOSCOW — Yuri V. Trifonov, 55, a Stalin Prize laureate in literature who became one of the Soviet Union's most respected and politically daring authors, writing openly

of Stalin's terror, has died after a kidney operation.

Mr. Trifonov, who died Saturday, won the Stalin Prize in 1951 for "Students," a novel about Soviet university life after World War II. In the last 15 years, however, his novels and stories focused on the moral torments remaining from the time of Stalin's purges.

Although Mr. Trifonov kept his distance from politically active writers and remained within the confines of Soviet censorship, his critical viewpoint often came close to the impermissible.

Spanish Police Kill British Ship Captain

SAN SEBASTIAN, Spain — Police men who were called in during a disturbance on a British freighter shot its captain to death after he opened fire with a shotgun, consular officials said. They identified him as John Wilkinson, of the 460-ton Argus Pride, registered in London.

The police said that as two officers boarded the vessel Saturday in the port of Passajes, near San Sebastian, the captain fired from a hatchway with a shotgun. He was killed when the police returned the fire. Members of the crew were taken ashore for questioning.

A. Bernard Hollowood
LONDON (AP) — A. Bernard Hollowood, 80, a former editor of Britain's humorous weekly Punch, died Saturday. Mr. Hollowood, an economist, joined Punch in 1942 and was editor from 1957 to 1968. He wrote more than a dozen books and was a cartoonist and broadcaster.

Handi Canaan
TEL AVIV (UPI) — Handi Canaan, 60, a former mayor of Nablus, the largest city in the West Bank, died Saturday. A scion of a wealthy Syrian family that relocated in Nablus, Mr. Canaan was named mayor by King Hussein of Jordan in 1965 and served until 1969, two years after Israel captured the West Bank.

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Mugabe Sets U.S. Choice: Black Africa or Pretoria

By Jay Ross
Washington Post Service
ISBURY — Prime Minister Ian Smith says that the administration is faced with choosing between friendship with black Africa or with South

would naturally have decided to make a choice between us and South Africa, which choice we still regret; but we will continue to work as effectively as possible to make the American administration see things the way we see them."

Complicated Dependence
Mr. Mugabe's own attitude toward his southern neighbor is complicated by Zimbabwe's dependence on South Africa, a dependence that intensified during 15 years of international sanctions against the former white minority government when the country was still known as Rhodesia.

grant Namibian independence, "but we cannot involve ourselves in sanctions" because of economic links to the south.

Reagan to Pursue Talks on Namibian Independence

Continued from Page 1)
ms" of African refugees, high-visibility U.S. participation in the conference, which is led in part by the Organization of African Unity, implies a U.S. donation to efforts to care for refugees.

Interview that "we want to see a peaceful solution to the Namibian situation." He added that in his view, the solution would involve an election that "should follow the adoption of a constitution that guarantees equal rights to all people in that country — property rights, minority rights."

Plan for Elections
A five-power international "contact group" composed of the United States, Britain, Canada, France

and West Germany negotiated over three years a plan for UN-supervised elections in Namibia. The plan received a grave setback when South Africa and the leading internal party, the Democratic Turnhalle Alliance, rejected it in January.

Stress on Black States
Reagan, in The Post interview of "a continued friend-ship with South Africa despite country's 'repugnant' policy toward blacks, but he laid the most on continued friendship with emerging African states, the African states."

ing that some of the African tries "have a chip on their der toward us." Mr. Reagan the United States is "going to steps" to bring about better standing with them.

International Bond Prices - Week of March 27

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

Table of recent bond issues with columns for Amt, Security, Ctry, Issue Pr., and Yield.

STRAIGHT BONDS All Currencies Except DM

Main table of straight bonds with columns for Amt, Security, Ctry, Issue Pr., and Yield.

DM STRAIGHT BONDS

Table of DM straight bonds with columns for Amt, Security, Ctry, Issue Pr., and Yield.

HIGHEST YIELDS to Average Life Below 5 Years

Table of highest yields for average life below 5 years.

HIGHEST YIELDS to Average Life Above 5 Years

Table of highest yields for average life above 5 years.

HIGHEST CURRENT YIELDS

Table of highest current yields.

WestLB advertisement for Eurobonds, DM Bonds, and Schuldscheine, including contact information for Düsseldorf, London, and Luxembourg.

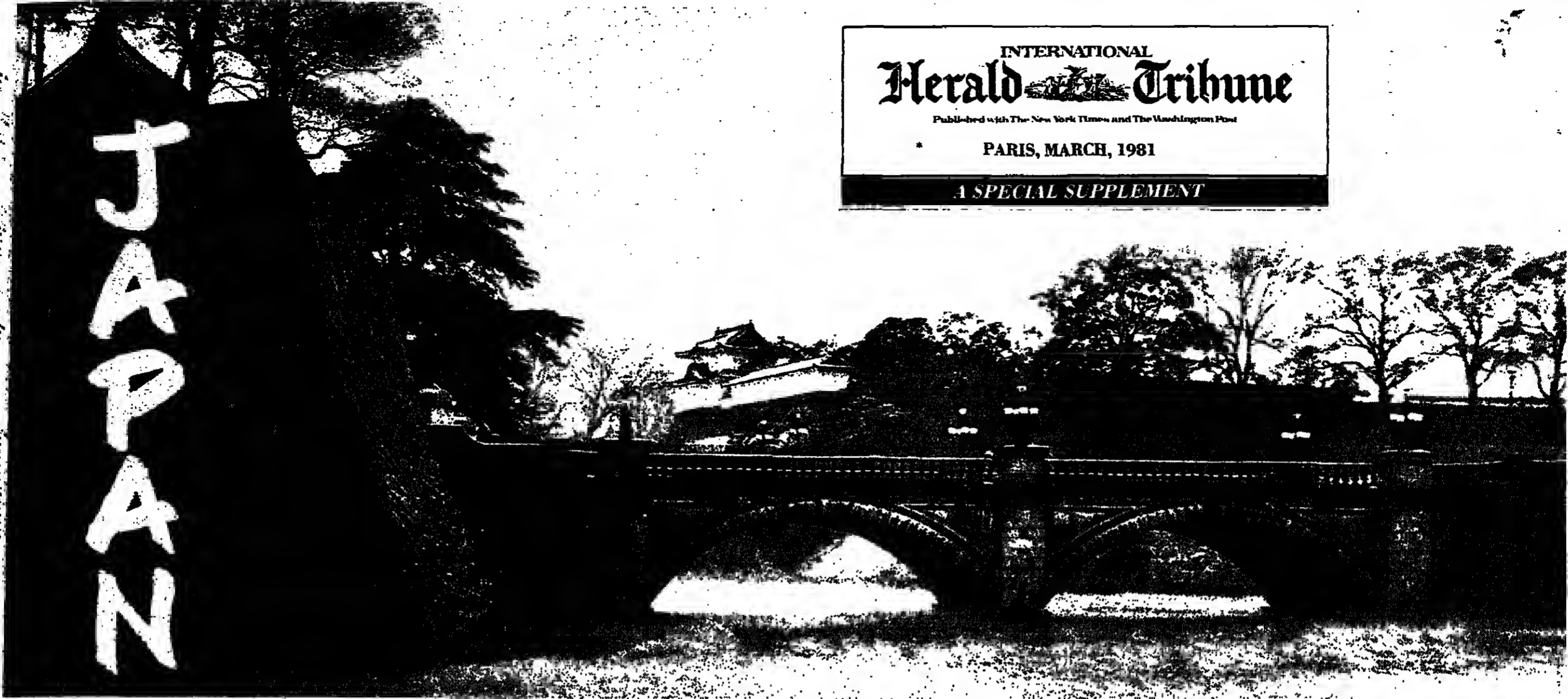
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PARIS, MARCH, 1981

A SPECIAL SUPPLEMENT



Alan McKeown

The Emperor's Palace in Tokyo.

Nation Is Experiencing an Economic 'Slump' That Others Might Envy

By Frederick Alexander

When is an economic slump not a slump? The answer: When the economy is Japan's. For what Japanese economists and business leaders are all too ready to call a "slump" or "slowdown" would, in fact, be considered a picture in virtually any other industrial country...

and holding the line on inflation during the last two years. Yet Japan's business community is clearly not satisfied with the situation.

The economic package worked out by the Economic Planning Agency for the coming year is, in the view of many industrialists, insufficiently stimulatory. Moreover, the planning agency's plans to use 70 percent of available public works appropriations in the first half of the year is facing sufficient opposition in the Ministry of Finance...

Real Wages Declined

One problem is that domestic demand has just not revived according to expectation. Japanese consumers have simply not been purchasing many of the high-ticket items — particularly automobiles and appliances — in sufficient volume to keep Japan's economy moving at the higher rate business would like to achieve.

One reason for consumer restraint may be the expectation of continued inflation on the part of the average worker. Although Japanese consumer price inflation was only 8 percent last year (much lower than in the United States and Europe), that rate is much higher than in the past few years. More importantly, last year's inflation rate exceeded, for the first time in memory, the average wage increase granted to workers in the annual nationwide spring labor offensive...

tions of further inflation to come, the Japanese wage earner (perhaps unlike his American counterpart) has made greater efforts to hold on to what he already has. In a country in which consumer financing and credit cards are rare (and saving rates traditionally very high), that phenomenon is not surprising.

But it is displeasing to the Japanese, nonetheless. With domestic demand slack, the Japanese economy has had to depend on exports for much of its growth — particularly of such high-priced items as automobiles, which now provide 17 percent of the country's total exports.

That formula worked fairly well last year, when exports of autos, electronics and other items boomed to industrialized nations in North America and Europe. But this year, with the threat of protectionist action in Europe and the United States in the background, automakers are showing restraint in their shipments to familiar overseas customers.

Formal Agreement

A formal agreement with the United States trimming auto exports to even lower levels could come at any time. The impact of such a restraint on Japan's gross national product is not hard to calculate: If Japan's auto exports decline 10 percent in 1981, that will knock 0.2 percent off Japan's GNP. "Beyond that, direct impact will be the ripple effect throughout the Japanese economy," says Chase Manhattan Bank's chief economist in Tokyo, Rikizo Komaki. "It could be substantial."

With all these factors in mind, many business leaders have been calling for further measures to ease credit. That classical Keynesian monetary measure has already been tried a few

times in the past 12 months (at the same time that American rates were going up, incidentally) but with little impact so far on domestic demand.

Besides, with the Bank of Japan's discount rate already at 7.25 percent — much lower than the Federal Reserve Bank's prime rate in the United States — there is a continued danger that the vast difference in interest rates will funnel a greater volume of funds out of the Japanese yen into the dollar. That would result in a weakening of the yen to the point where it could be highly inflationary to the Japanese economy.

Monetary Action

Yet this seems the only appropriate action — if only in continued moderation — that Japanese authorities can safely take in the short run. As George Murakami, writing recently in the Asahi Evening News, explains: "Because the government has decided that the prime need now is to get down the enormous budget deficit in order to avert fiscal inflation, there will be little or no increase in public spending."

In short, with fiscal expansion out of the question because of an unprecedented government deficit — now higher than the total of Western Europe and the U.S. combined — the only alternative, for the moment, is monetary action to loosen credit restraints further.

Barring further sharp increases in the price of crude oil — a development which seems highly unlikely in the short run — there is room to believe that the Japanese economy will soon emerge from its current doldrums.

Because of continued sharp improvements in industrial productivity — Japan's ace in the

hole in these otherwise hard times — major Japanese corporations will be able to offer their workers more substantial wage increases in 1981 than they did last year. More significantly, those increases show every indication of surpassing this year's rate of inflation.

Thus, it is quite likely that the real disposable income of Japanese workers will increase in 1981. And, as a result, consumer spending will improve to some degree in the months ahead.

One big question is whether that increase in spending will be sufficiently felt in the all-important domestic auto market. With sales of automobiles on the domestic market sagging, and many dealers in deficit, the pressure to export autos last year was acute.

This year, with protectionist pressure in the key U.S. and European markets on the rise, and few outlets for those surplus cars except for much smaller markets in Latin America, Africa and the Middle East, Japan's automakers are counting on the domestic market to pick up the slack. If it does not, and auto sales continue at a low level, Japan's growth rate may well decline below expectations, which many Japanese consider already low.

Pressure to Export

If Japanese industry is still not completely bullish about its own economy, there can be no doubt that Japan's reputation as a highly productive economy continues to rise daily. Two significant, related indications of that during the past months are the continued strength of the Japanese yen, and the appreciation of the Tokyo Stock Exchange.

Despite a sortie into the mid-200s (versus

the dollar) in mid-1980, the yen managed to rise rapidly again late last year. Now, at about 200 to the dollar, it stands close to its all-time high (175) on world exchange markets.

Productivity Growth Rate

Significantly, during past weeks, when the German mark has weakened substantially against the dollar, the yen has continued to hold its strength. That strength, according to observers, is undoubtedly a result of faith in Japan's superior productivity growth rate which results, in large measure, from increasing efficiency in using crude oil and its by-products.

The explosion of prices on the Tokyo Stock Exchange last year also provided ample evidence of the growing respect for Japan's economy in foreign lands. Without acknowledging precisely where the record influx of foreign funds originated, stockbrokers readily say that a substantial portion of the buying power behind last year's enormous price surge came from the petrodollar-rich countries of the Middle East.

In particular, the Kuwaitis have been very active in purchasing such Japanese blue chip stocks as Hitachi, TDK, and the robot-builder Fujitsu Fanuc.

Thus, ironically, while many Japanese industrialists and economists continue to "sing the blues" about the state of their economy — in particular, sagging domestic demand — the rest of the world continues to sing the praises of Japan's industrial power.

And while the rest of the world complains that Japanese goods are too popular to love, Japanese businessmen worry that production levels will never achieve the heights they have been dreaming about.

'The Right Product at Right Time'

Less than a generation ago, the Japanese automobile was little known, less respected, around the world. Even these consumers were convinced that they afforded it, the longer, plusher, gas-guzzling models of the United States, or the bizarrely sporty autos of Europe, were unable to their own modest products.

Five times have changed. Last year, Japanese exports 5,966,961 vehicles (including cars), or fully 54 percent of its entire production. Most of those were directed to markets in the United States and Europe where, for a variety of reasons, Japanese cars have become

Japanese manufacturers claim they were as surprised as anyone by the surging demand for their product — up 20 percent in the United States last year, and 28 percent in the European Community. "We just happened to have the product at the right time," says one auto executive.

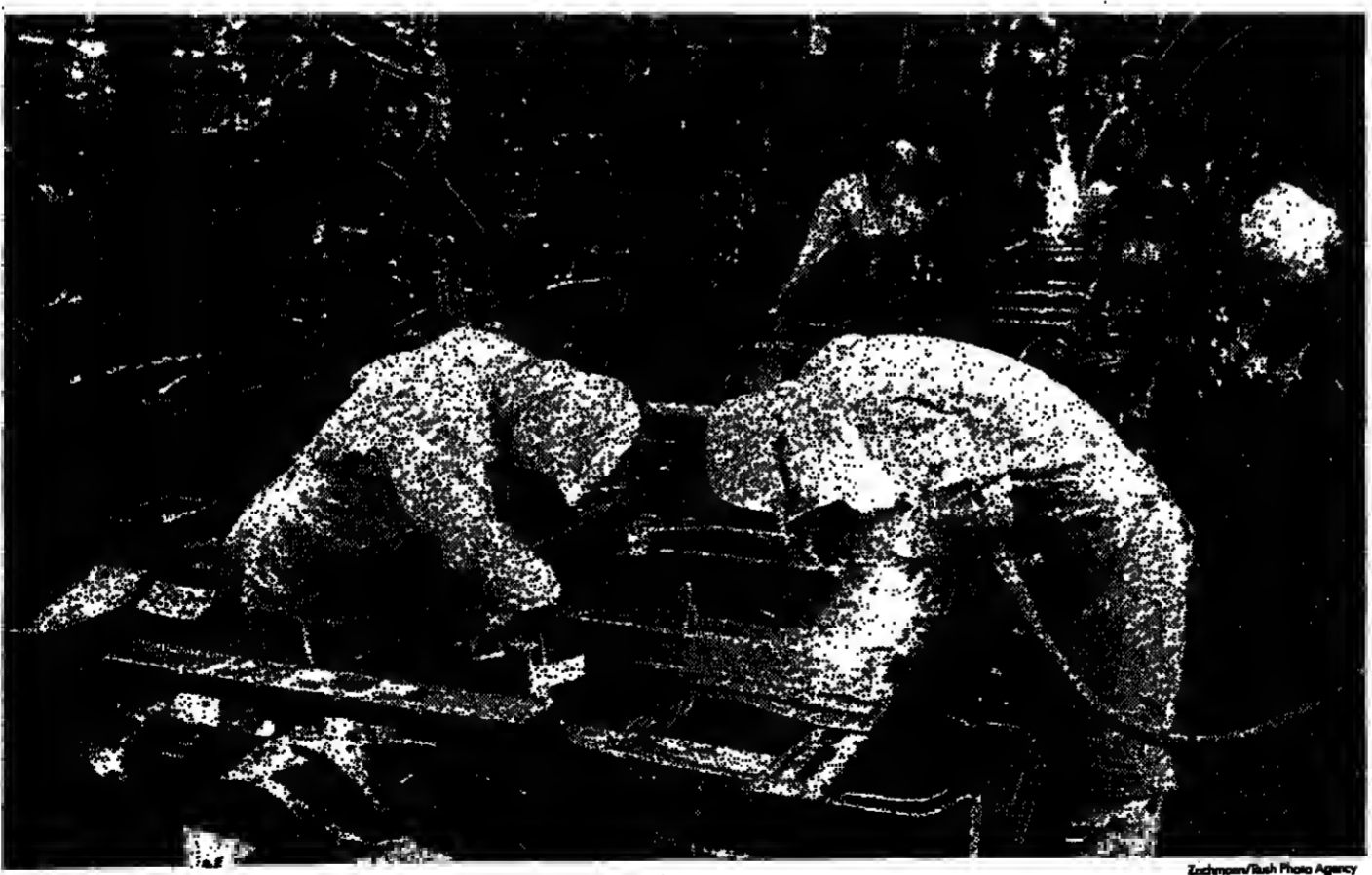
Gas Prices Are Cited

As they tell it, the rising popularity of Japanese automobiles in the American market was much more the sudden increase in the price of OPEC crude oil than to any "blitz" or "bomber offensive" on their part. When prices for local pump doubled in less than a year, American auto manufacturers were unable to supply a sufficient number of fuel-efficient Japanese auto dealers moved in to fill the

market. Fuel efficiency must be only part of the appeal, especially if the success of Japanese cars in the European Community is considered. There, the high quality of Japanese cars, their comparatively low price, and the excellent after-sales network are, even more so in the United States, sales points, as in Europe the Japanese are competing against producers well-stocked in fuel-efficient

last year, when every local German manufacturer saw car sales decline from those of 1979, sales of Japanese autos in that market rose markedly, reaching 10 percent by early 1981. But the West German and American markets — where Japanese cars captured over 50 percent of the market in mid-1980 — were about the only major markets left entirely intact to the Japanese.

The French government has set a quota of 3 percent of its market and, early this year, took steps to erect a number of obvious "non-tariff



On the job in a Honda factory.

barriers" which in effect delayed the entry of several new Japanese models. Using a ploy well-known by Japanese government officials (who in effect keep imports of non-Japanese cars at home to less than 1 percent of the market), French officials refused to grant model certification to numerous Japanese models which, for technical reasons, did not meet French standards. Japanese officials are enraged. "We are being made scapegoats for French President [Valery] Giscard d'Estaing's re-election campaign," says Mitsuya Goto, of Nissan's International Division in Tokyo.

Limited by British

The British, in their turn, have limited Japanese car imports to just over 10 percent of their market (although for a time they went beyond that figure), and the Italians have refused to let them in at all. Still, sales of Japanese cars in such markets as Switzerland, Ireland and Belgium have reached record proportions.

The focus of attention in the Japanese auto industry remains, however, the American market. The question that looms above all others is whether the United States will take measures

to restrict the number of vehicles the Japanese ship their way. In Detroit, it is widely presumed that the ill of the American auto industry — combined deficits in 1980 of over \$4 billion for the top three auto makers — are largely caused by the Japanese "assault."

Had the Japanese restrained themselves, and not taken advantage of the situation, the 30 percent unemployment figure for U.S. auto workers would not have arisen, claim the U.S. auto makers.

The Japanese are convinced that their success in the United States is not the primary factor behind the financial and marketing failure of the U.S. companies. They argue, and the ruling of the International Trade Commission of the United States last November supports them, that it was American auto mismanagement rather than Japanese "offensives" that resulted in the deficits.

'Compliant' With Unions

"If the American auto companies had not been so compliant to the needs of the labor unions, they would not now be in this mess," says one Japanese executive.

When the Big Three of Detroit enjoyed record profitability in the 1960s, they responded

by raising the average wages of their workers to what some observers say were unrealistic levels. Furthermore, the auto unions obtained in their contracts "cost-of-living allowances" that were geared to inflation rates. So as the United States veered into a long period of double-digit inflation in the late 1970s, labor costs rose far beyond those of Japanese makers.

Japanese auto workers may be the elite of the Japanese working class, enjoying small but comfortable homes in the suburbs. But they are paid far less than U.S. workers, so the average Japanese car costs \$700 to \$1,000 less to build — merely as a result of labor savings. Moreover, Japanese auto companies cut production costs by using more industrial robots to make their cars.

Japanese companies also argue that their high level of "quality control" assures their customers of the finest automobiles in the world. Certainly, the sloppiness that is found in the construction of many Detroit products is extremely rare in the Japanese auto world.

This level of quality has gained Japanese automobiles an increasingly loyal following in the United States and Europe. So, according to

(Continued on Page 85)

R & D Gets a Big Push In Electronics Industry

By Robert Y. Horiguchi

TOKYO — With its span of vision spreading from esoteric cybernetics to mundane household equipment, the Japanese electronics industry seems to be poised to ride the crest of the predicted Third Wave in the progress of mankind.

Plans are being made to launch a 10-year program of research and development to build a "thinking" fifth-generation computer whose functions will closely simulate those of the human brain.

To achieve this, the Ministry of International Trade and Industry (MITI), which in the past has given lavish financial and other assistance to the industry, intends to organize a new R & D organization that will provide career flexibility and working facilities for the nation's best scientists.

This proposed center is planned to be completely different from other national institutes in that it will emphasize the development of a new "home-grown" technology in order to dispel the image that the Japanese are copiers. For this purpose it will bring scientists from universities and government-sponsored research facilities as well as private corporations into one cohesive organization.

Drawing on Experience

To do this, MITI is expected to draw heavily on the experience it has acquired in its \$225 million, four-year project to develop by 1983 very large-scale integrated (VLSI) circuitry for a so-called "super-chip" capable of memorizing 60 times as much information as the 64-kilobit integrated circuit in use in the most advanced large-scale computers.

In this area of large-scale main-frames, Nippon Electric and Hitachi are today neck-and-neck in contending that they have developed the world's fastest computer. Hitachi recently laid claim to the title with its M-280-H model with a logic circuit that reportedly operates at a speed of 0.45 nanoseconds (billionths of a second). Both manufacturers assert that their respective products thus are faster than the IBM 3081 processor, the top-of-the-line offering of the U.S. manufacturer.

For its VLSI project, MITI assembled researchers from four competing major electronics firms and distributed information on how research was progressing to all of them, thus restraining incentives by the participants to develop technologies for their own company's benefit, as rival firms would automatically have access to them.

This experiment is seen as a breakthrough in Japanese scientific research practices, which have been plagued by fragmentation and con-

partmentalization that prevented scientists from different fields from working on joint projects.

About 120 top-flight researchers are taking part in this program, which, so far, has spawned 1,000 patent applications.

The "super-chip" is intended for use in so-called "fourth-generation" computers, which are expected to make their debut before 1985.

Meanwhile, the Japanese semiconductor and integrated circuit (IC) industry, using state-of-the-art technology, is booming. If five years ago, Japan imported 75 percent of its semiconductors from the United States, the latter share of the local market has now shrunk to 30 percent.

Moreover, Japan turned from being an IC importing country to being an exporting country in 1979 when it shipped abroad \$442.5 million worth of these devices against imports of \$417.7 million. This represented a 2.1-fold increase in exports over the previous year. Of these, \$184 million worth were shipped to the United States.

In 1980, total IC exports jumped to \$887.9 million, according to industry sources.

If California has its Silicon Valley and Texas its Silicon Plain, Japan's southernmost main island, Kyushu, is fast becoming known as Silicon Island.

Newest IC Factories

It is there that the country's giants in the electronics field, such as Nippon Electric, Toshiba and Sony, as well as America's Texas Instruments, have chosen to build their newest IC factories.

The reason given for this is that Kyushu offers a labor force of high quality, water with low mineral content and few impurities, and excellent facilities for shipments by air.

According to an estimate by the Tokyo office of the brokerage firm Bache, Halsey, Stuart and Shields, the construction of an IC plant with a 500,000-a-month output requires an investment of at least \$15.2 million. Nine major Japanese electronics firms possess part of the number of such plants in various parts of the country by 78 percent in 1979 and by 47 percent again in 1980 by investing an estimated \$749 million in that year alone, the firm reports.

Ichizo Yamauchi of the Nomura Research Institute explains this surge in IC plant investment as follows:

"As latecomers in the field, Japanese manufacturers considered it extremely important to sacrifice short-term investment efficiency and short-term returns on investment for the sake of long-term growth... They made bold anticipatory investments in research and develop-

(Continued on Page 98)

JAPAN

Plant and Equipment Manufacturers Are Meeting Difficulties on a Variety of Fron

TOKYO — Wedged between cheaper export loans provided by rival industrial nations, and growing pressure from Third World countries for technological transfer, Japanese plant and equipment manufacturers are hurting...

Government and industry estimates forecast a decline in plant exports to about \$10 billion in the fiscal year ending March 31 from a record of approved exports of \$11.785 billion a year ago...

A Japanese group also lost in the bidding for building a \$160 million lubricating-oil plant and other facilities on a turn-key basis at Mohammedia, near Casablanca...

Another problem plaguing Japanese plant exports is the growing trend among developing nations of making technological transfer a condition for the purchase of equipment...

offer prospective foreign customers "mixed loans," as some other countries are doing. The Export-Import Bank is also expected to relax rules that are held to hamper the financing of plant exports on a small scale...

Language Barrier Japanese manufacturers are reluctant to agree to these conditions on the grounds that it means divulging not only their production know-how but, at times, jealously guarded proprietary industrial secrets...

in their facilities is the language problem. The latter have either to be taught rudimentary Japanese technical terms before they leave their home country by teachers sent from Japan...

mostly acquired from speaking nations. More-quest interpreters who are a ply and consequently ve-

Japanese industrialists attribute this year's decline in plant exports primarily to the aggressive sales campaigns mounted by their foreign competitors, backed by their respective governments.

Recent Failures They point to the recent failures of Japanese bidders to clinch juicy plant and machinery contracts in Mexico, Morocco and East Germany.

The Mexican setback was a particularly hard blow as it came shortly after Rokusuke Tanaka, the Japanese minister of international trade and industry, had offered President Jose Lopez Portillo a loan in yen equivalent to \$740 million during a visit to Mexico early this year.

The Japanese bidders had their eyes set on the sale of an estimated \$120 million worth of electric locomotives and signaling and communications equipment for a \$700 million electrification project of a 350-kilometer stretch of rail line between Mexico City and Queretaro.

American bidders walked away with more profitable orders for the electric locomotives and the signaling system, while an Italian firm was awarded the overhead wiring and power transformer station contracts, leaving the Japanese with only a \$14-million deal for communications facilities.



UNCHANGING — A tea ceremony at a school for pe-shas, in Kyoto. Whip on plate is for blending different teas.

the Chinese have promised to follow "international economic practices" to compensate Japanese manufacturers for their losses without, however, indicating how much they are willing to pay for opting out of the contracts.

Meanwhile, the Tokyo authorities are reported to be lending a sympathetic ear to industry requests for a revision of Japan's export financing practices so that plant exporters will be able to offer better loan terms.

Oil Crisis Plant and machinery exports were counted upon to take up the slack in exports when the shipbuilding industry shrank following the 1973 oil crisis.

With generous government financial help, the industry reduced its shipyard capacity by 40 percent, keeping its newest yards and closing its oldest.

To avert across-the-board unemployment, numerous shipyards then turned to the production of plant and equipment as a sideline.

Hitherto, Japan has adhered to a policy of not extending loans on concessionary terms through its Overseas Economic Cooperation Fund for financing exports of production equipment. It also refused to lend to nations with an annual per capita income of over \$1,200 at ODA (official development assistance) low-interest terms.

These restrictions are now likely to be scrapped to enable Japanese plant and machinery exporters to

'The Right Product at the Right Time'

(Continued from Page 7S) many analysts, it is doubtful, even after they produce a sufficient number of fuel-efficient cars, whether American automakers will be able to regain the patronage of many buyers who now drive Japanese products.

The success of the Japanese car in recent years is all the more remarkable, given the fact that the Japanese yen has dramatically appreciated of late.

Only a few years ago, it hovered between 280 and 300 to the dollar, but it has since soared to around 200 to the dollar. This appreciation makes Japanese autos — and other exports — much more expensive for foreign purchasers.

Only "rationalization" measures which serve to cut costs — automation and energy-saving measures — have allowed the Japanese automakers to stay competitive despite the surge of their currency.

Despite their success, Japanese auto makers and observers of the auto scene are increasingly uneasy about the future. On the one hand, they face the prospect of a tide of protectionism in the United States as well as in Europe.

An "orderly marketing agreement" or some other form of trade restraint between the United States and Japan, is quite likely — especially if the American auto industry does not make a dramatic turn for the better.

'Dangerous Precedent' Such an agreement would not only limit Japanese exports to the United States, but would threaten to spill over to other trading partners. "A restraint agreement with the United States would set a dangerous precedent," says a Nissan executive. "This is one thing we would like to avoid at all cost."

are slack, and many dealerships are in deficit — they are under increasing pressure to export. In the past, the Japanese have usually been able to balance off weak export performance with strong domestic sales records, but this year, it looks as though they face the prospect of stagnation or decline on both fronts.

At least one Japanese producer, Mitsubishi Motors, which is 15 percent owned by Chrysler Corporation of the United States, faces another unpleasant prospect: It has come under increasing pressure from American officials to rescue Chrysler, by purchasing all or part of the parent company.

Considering the fact that Chrysler outaged Mitsubishi Motors (as other U.S. auto companies nurtured Japanese auto makers when they were in their earliest stages of post-war production), that seems not an unreasonable request.

Bank of Bankruptcy But now that Chrysler is on the brink of bankruptcy, Mitsubishi would like to distance itself as much as possible. The Japanese firm is also irked by the fact that Chrysler has been more aggressively marketing its own, new fuel-efficient cars (on which it makes a higher profit) in the U.S. showrooms that it shares with Mitsubishi Motors.

Mitsubishi is also likely to frustrate U.S. policy makers who are urging it to buy or merge with Chrysler, because Mitsubishi management takes a dim view of Chrysler's product line, and its chances of its renewed success, even under Japanese management. As one Japanese executive puts it: "Who wants to buy a dying man?"

Given the fate of other auto makers, the Japanese should consider themselves quite fortunate. With most of the world's big car producers in deficit, the worst of the big Japanese makers have to report is a slight decline in

profits. Already Toyota's profit figure following the company's efforts to re-export to the United States. Last year's earnings declined some 23 percent.

Toyota executives say that they can for some of the shortfall already be the U.S. market, but the kinds of cars sell instead, to markets in the Near Latin America, are lower-priced, low margin vehicles. Moreover, a Toyota admits: "America is a comfortable Advertising and promotion activities World countries are much more difficult, complicit.

Internationalization One highly touted, long-range so Japan's embarrassment of auto rich internationalization of Japan's auto. Already, there are clear signs that auto makers are moving to produce number of their vehicles overseas, a what the consequences for Japanese

Honda has already made plans to facilities in the United States, and Ford (maker of Mazda) or even Toyota (a in production facilities. Nissan, which has a pickup truck plant in Tennessee working on a feasibility study which, says, indicates good chances of success due in the United Kingdom.

Unfortunately, every solution leads problems. So Nissan's talk of a Bri plant, welcomed enthusiastically by government officials, is being vi French and other continental auto m clever Japanese effort to enter thoo door of the Common Market, a u would further hurt French and Ger companies.

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Handwritten Arabic text: 'سكنا من الاجل'

Foreign Banks Are Challenged

Stephen Brontic

Foreign banks have had an easy time operating in Tokyo. Now that Japanese city banks are their way into the foreign financial markets, the Japanese banks are getting rougher still. In the foreign banks are being cornered into a counterattack into domestic loans and that until now have been led by the Japanese banks. Also exploring some new but the Japanese banks, or would not, touch a currency denominated domestic Japanese corporation as "impact" loans of their favorable impact on the balance of payments have long been one of the banks' staple products. As large American banks, Citibank, at one time did these loans for 40 percent of their Japanese business. Foreign branches derived two-thirds of their business from impact loans. The field has been a foreign monopoly since when Japanese banks were from extending impact loans. In June, 1979, the Ministry of Finance delivered some bad news to foreign banks. As part of a defense package, it authorized Japanese banks to resume impact loans. The re-authorized impact loans. The re-authorized impact loans in March, 1980, Japanese banks lost no time in getting into the market. They lined up cash-short trading firms and top-grade heavy financial companies looking for a way to escape the Bank of Japan's tightening grasp on the money market. Long-term impact loans led by Japanese banks grew 82 million the first month were liberalized to \$397 million the following May. A new foreign exchange applying procedures for impact loans went into force in December, 1980, such loans soared to \$1.1 billion. In the meantime, long-term impact loans by foreign banks continued to poke along at a 150-\$250-million per year they had stagnated at before. In December, the Ministry of Finance decontrolled impact loans to allow capital inflows. But are from the Japanese banks

also appears to have played a role. Since the 1973-74 oil crisis, Japanese corporations have been steadily paying down their bank loans to reduce interest payment burdens and cut overall operating expenses. For the banks, this has meant steadily shrinking loan demand from many of their most important clients. To offset these losses, the banks have been twisting arms at the Ministry of Finance for permission to enter new markets. By opening up impact loans, the ministry could profit by making a politically important concession to the banks, and speed up the reform of Japan's archaic interest rate system, long a sore point with foreign financial institutions and governments alike. Lost in the shuffle were the interests of Tokyo's foreign bank branches. Why have Japanese banks proven much more successful at leading dollars than U.S. banks? Because they do it much more cheaply. Long-term impact loans extended by the Japanese banks have carried mere .5 percent spreads, while short-term loans have gone for a scant 1/4 percent over the cost of funds. Managers of Tokyo's foreign banks say they lose money when they extend loans with less than 1/2 percent margins. The headache for foreign banks is that by losing the market for impact loans a lot of other business will go down the drain, too. When foreign banks enjoyed a monopoly in impact loans, they possessed a valuable entry to large companies not normally interested in the services of foreign banks. Foreign banks could, for example, count on picking up an inactive foreign exchange deal once an impact loan was signed. So losing an impact loan means losing a foreign exchange deal, too. In looking for new business lines to pursue, foreign banks are going to have to overcome some formidable barriers. Larger Japanese corporations that foreign banks prefer to deal with are usually members of large conglomerates built around Japanese city banks. Frequently the chief finance officers of these corporations are men seconded from the main bank who are not interested in expanding relations with a foreign competitor. But Tokyo's foreign bankers are not yet willing to throw in the towel. Instead, they will try to take

advantage of a number of other reforms permitted by the government that have somewhat improved yen funding options for foreign banks in Japan. Most significant has been the extension of yen refinancing facilities to foreign banks by the Bank of Japan since February, 1980. The three large American banks are being allowed to borrow 4 billion yen (\$20 million) each and the smaller banks up to 500 million yen (\$2.5 million) at a highly attractive 4 percent over the official discount rate. The steady liberalization of Japan's short-term interest rates since June, 1978, has broadened the bill discount market, an important source of yen funds for foreign banks. The Ministry of Finance is now viewing applications for new branches and representative offices more favorably than it has in the past. That will bolster the bank's abilities to collect more yen deposits. In May, 1979, foreign and Japanese banks were allowed to issue yen-denominated certificates of deposit for the first time, and foreign banks were given access to the short-term "gensaki," or bond repurchase market. Larger and more reliable sources of yen funding will let foreign banks launch an assault on the domestic yen loan market, long the stronghold of the Japanese banks. It has also opened up opportunities in areas where the large Japanese banks have yet to venture. The recent proliferation of foreign consumer finance companies in Japan, many of which are affiliated with foreign bank branches here, is just one example of the foreign banks' new pioneering spirit. Foreign bankers point to other fields where there is room for expansion. The new foreign exchange law has laid the foundation for the considerably larger and more active foreign exchange market in Tokyo. Many foreign banks are already gearing up for the enhanced interbank dealing opportunities that a more mature market will bring. Others say their branches will be focusing more on corporate non-loan services. But no matter how aggressive a stance foreign bankers adopt in their pursuit of new business in Japan, even the optimists admit that it is unlikely that they will ever get far beyond the 2.5 percent market share they now possess.

The Frayed China Connection

By Gregory Clark

TOKYO — From boom to bust in less than 12 months might be an exaggerated description of Japan's economic relations with Peking, but not much. In December, 1979, then Prime Minister Masayoshi Ohira announced in Peking a \$250-million aid program for China and commercial credits worth \$8 billion. In February, 1981, China canceled a series of plant contracts with Japan causing losses to Japanese companies put at \$1.5 billion. What went wrong? The official Chinese explanation places the blame on over-optimistic estimates of China's ability to industrialize. After contracting for everything from a fully-integrated iron and steel plant near Shanghai to several dozen chemical plants scattered across the country, the Chinese found they had neither the money nor skilled personnel to complete them. To prove it, they cut their national budget by more than 10 percent and the industrial investment component by about 45 percent. But there have been hints that a power struggle in Peking could be part of the reason, with cancellations and cutbacks part

of an attempt to further discredit the former Hua Guofeng administration. Vague Promises The Japanese, shocked by the way in which they were informed of the cancellations — in some cases with little more than a curt letter in English — have made their displeasure clear and have hinted at reappraisal of the whole relationship. The Chinese have responded with vague promises of compensation. The situation remains in a stalemate, with some liberal-minded Japanese calling on their country to make a noble gesture — further credits to help ease the plant cancellation pain — as compensation for World War II damage. (China waived all claim for war reparations when relations were normalized in 1972.) Few expect Peking to come up with adequate compensation, and most of those caught with canceled contracts are blaming themselves for getting caught up in the China euphoria of the late 1970s. Japan seems willing to go ahead with its promises to China. Most involve port and railway building to allow China to expand coal exports, something that is just as much in the Japa-

nese as the Chinese interest. Trade relationship also seems unaffected, with the total of exports and imports up a large 41 percent last year over the previous year's level to \$9.4 billion. The trade surplus in favor of Japan reached \$800 million. However, hopes that China would become a major supplier of oil to Japan are fading. China currently exports around 8 million tons of oil to Japan annually, but rising domestic demand in China and slow development of new reserves suggest that even this level of export might falter. Exports this year have been cut to 160,000 barrels a day, or 14 percent below the level set in a 1978 agreement. In 1979 the Japan National Oil Corporation signed an agreement with the Chinese to help prospect and develop undersea reserves in the Bohai Gulf. Slow Start on Credits As with many of the other aid and credit agreements with Peking, the Chinese have been extremely slow in getting started. Very little of the \$8 billion offered in commercial credits has been taken up, and the Chinese have implied that the interest rates are too high (LIBOR plus 0.25 to 0.50 percent). Hopes are fading that bilateral trade will

reach the \$20-30 billion level by the 1990 end of the 1978 long-term trade agreement. More unsettling are indirect Chinese claims that the Japanese plant and technology offered to China during the boom years were overpriced and unsuitable for Chinese conditions. There is no explanation of why China accepted such unfavorable deals at the time, but the hints of under-the-table horse trading remains plain. Nor has there been much progress in the other area of bilateral economic relations: joint manufacturing ventures in China. Several ambitious schemes to join with the Chinese to create electrical goods and electronics industries have been proposed, particularly by veteran Japanese industrialist Konosuke Matsushita. But apart from a Peking-duck restaurant scheme, little of note has materialized. The Japanese say that in addition to the problems caused by China's current economic slowdown, the conditions on which the joint ventures would be set up and run remain very vague. No clear guidelines exist for profit calculation and taxation. The degree of Japanese control also must be spelled out.

One form of industrial cooperation which has worked out well is compensatory trade. Based on the pattern set by Western European companies operating in Eastern Europe, the Japanese offer technology and machines to selected Chinese factories and assist them in production of goods required by the Japanese market. The goods are then accepted in payment for services rendered. To date, most successful examples have been concentrated in textile goods, particularly from the Shanghai area. But the Chinese have suggested several hundred new projects covering everything from optical goods and computers to plastic toys and watches. One Japanese complaint with the scheme so far is the problem of quality control, and much seems to depend on selection of the factory to handle the work and subsequent supervision by Japan. One important Japanese gesture has been the extension to China of its preferential duties system, which went into effect in April, 1980. It has helped the Chinese greatly in their competition with other Asian nations for a slice of the lucrative Japanese market in labor-intensive goods and raw materials.

R & D Gets a Big Push in Japan's Electronics Industry

(Continued from Page 75)

ment as well in plant and equipment, continuously introducing the most up-to-date facilities." The "Money-Eaters" As a matter of fact, the first Japanese ventures in IC manufacture in the early 1970s had dismal results, the plants being dubbed "money-eaters." But this is no longer true. Toshiba, Hitachi and Mitsubishi Electric all credited their strong sales of high-profit and high-value-added products, such as ICs, in helping them chalk up increased profits during the first half of fiscal 1980 that ended last Sept. 30. As Japan's electronics manufacturers are thus gearing up for an IC assault on world markets, they are continuing to heighten their

dominance in the video tape recorder field. VTR exports in 1980 on a Customs clearance basis amounted to \$2,142 billion for a 99.6 percent growth over the previous year, with 3.44 million sets being shipped abroad for an annual increase of 106 percent. Of these, 1 million sets were exported to the United States for a 52 percent increase over 1979, while 1.3 million units (2.5 times the previous year's figure) went to European Economic Community nations, the remainder being directed to Middle East and Latin American markets. Japanese VTR manufacturers now are credited with controlling 90 percent of the world market, their two major competitors being Philips in the Netherlands and Grundig in West Germany. Last year was also a banner year

for exports of color TV sets. These totaled 4.65 million units for a 58 percent increase over 1979 and were valued at \$1,376 billion, a 41 percent growth. This was the largest recorded export figure since 1976, when 5.3 million sets were shipped overseas. Although TV exports to the United States decreased, those to the EEC rose, on the contrary, by 40 percent, with shipments to West Germany jumping 84 percent from a year earlier. Japanese manufacturers of household electronics, however, are not resting on their laurels. They are busily devising new ways to tap consumers' pockets. With an eye to the future, they have begun introducing in the domestic market what they call "component TVs."

They are offering for sale, separately, TV monitors, channel selectors and speakers, from which the consumer picks out the components he wants, and then plugs them into each other. Integrated System Under this formula, the owner of a stereo audio system can plug in a TV monitor to convert it into an integrated home entertainment system that will play video and audio discs and tapes, and receive both visual and audio broadcast information. The manufacturers assert that with components, consumers will not have to junk their old sets every time a technological advance comes along. When stereophonic TV was introduced in Japan in 1978, they re-

call, all existing sets were instantly made obsolete. Their argument is that when cable or satellite reception increases the number of channels available, the buyer will only have to replace the tuner and not the whole box-like TV set of today. This component approach will also facilitate the eventual conversion of the home entertainment system into a two-way receiver-transmitter for use with Teletext information systems when these come into general use. Another product being marketed is an audio record player with a dual pickup that avoids the need of the listener to turn over the record disk. The device, controlled by a micro-computer chip, automatically starts playing the other side of the disc as soon as the recording on one side comes to an end.



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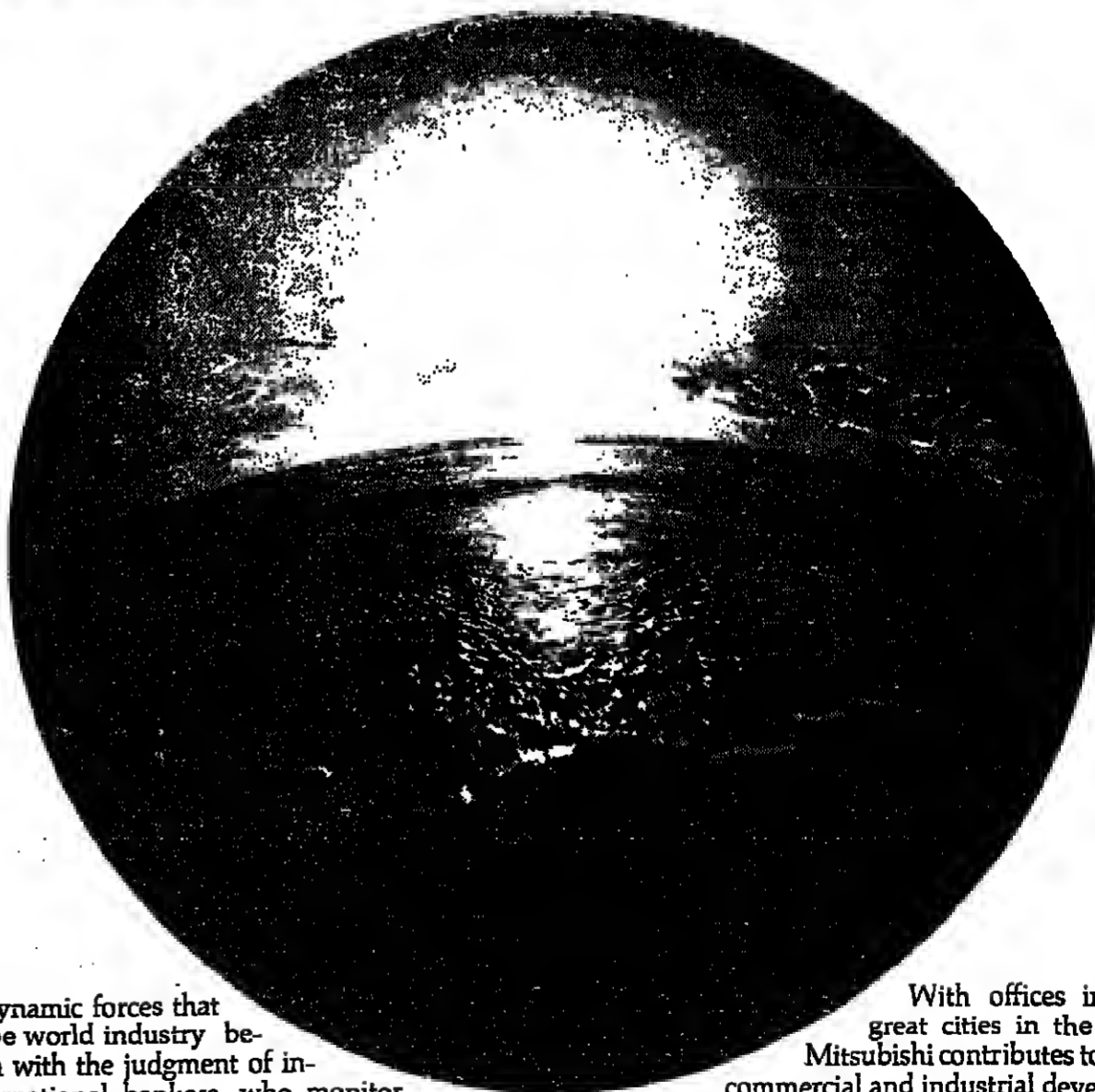
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JAPAN

Japan Adjusting — Slowly but Surely — to Its Expanding Role in International Affairs

By Roger H. Schreffler

TOKYO — The developing world and the entire process of modernization — social, political and economic — has been an enigma for policymakers in the West since it was decided some 30 years ago that it was in their respective national interests, in an effort to counter advances by Communist bloc countries, to cultivate relations and seek the loyalty of the world's unchosen ones.

In their endeavors, however, the entire range of questions concerning such things as national aspirations, deprivation (relative and otherwise) and the need to preserve certain "old world" values in the face of a frontal attack on traditional beliefs has more

times than not eluded the good-intentioned — and sometimes not-so-good-intentioned — proselytizers from the West.

Although Japan was one of the earliest postwar converts — and beneficiaries — of this sort of nation collecting, the Japanese themselves have for the most part refrained from taking an active role in trying to convert the developing world to the advantages of democracy, or for that matter, any particular political ideology, choosing instead to stay in the background so as not to antagonize or anger potential trading partners.

However, with its newfound wealth — the Japanese economy accounts for roughly one-tenth of the world's total gross national product — the Far Eastern eco-

Over the next five years Japan is planning to double its economic aid to more than \$20 billion.

economic giant can in the years to come be expected to play a more positive role in international affairs than ever before, and increasingly promote its own low-key version of conducting international affairs.

Over the next five years Japan is

planning to double its economic aid to more than \$20 billion. However, in terms of the ratio of official development aid to GNP, Japan still ranks rather low compared to most Western industrial nations, and there has been an increasing call for the Asian economic giant to assume a greater share of the burden.

The newly appointed president of the Overseas Economic Cooperation Fund, Takashi Hosomi, recently stated that Japan must increase its official developmental assistance "not only to help developing countries but also to relieve some of the burdens of other major industrial countries."

Increasingly in recent years, leaders from both the public and

private sectors have called on the nation to play a more influential role in world affairs, one that befits a country having the world's second largest gross national product. One area where Japan has some potential is through helping to mediate conflicts — particularly regional affairs — by using the country's vast economic might as a political tool to gain some leverage over recalcitrant nations.

Suzuki Tour

A case in point surfaced recently on Japanese Premier Zenko Suzuki's 13-day tour of the five Southeast Asian nations that make up ASEAN (the Philippines, Indonesia, Singapore, Malaysia and Thailand), which was viewed by many as proof of Japan's new, more positive role in international affairs.

Throughout the nearly two-week visit, the Japanese premier, at least on the issue of Vietnam's 1979 invasion of Cambodia, aligned Japan closer with ASEAN than any previous Japanese leader. Japan, which in the past has sought to promote friendly relations with all countries regardless of ideology, angered and frustrated its ASEAN neighbors when it promised Vietnam more than 14

billion yen in aid a few years ago, then later froze it.

With the recent clarification of official policy on the Cambodia question emerges a growing belief that the frozen 14 billion yen in aid might be used to help bring about a Vietnamese troop withdrawal.

Changing Relations

ASEAN nations, despite having feelings of resentment that go back to Japan's wartime behavior in the region, nonetheless generally admire Japan for what the small, resource-poor nation has been able to accomplish in challenging and surpassing most Western nations in one industrial area after the other. And although Japan and the ASEAN Five appear to be linked by common ideology, race and mutual interests in economic and geopolitical questions, the ASEAN nations have been frustrated at never having been able to win Japan's strong support and interest.

The common view in the past was that many of Japan's economic and political concerns were tied to Europe and the United States. Now, in spite of the fact that Japan has a clear interest to help develop Southeast Asian resources (particularly petroleum), its atten-

tion has turned to strengthening ties with its powerful neighbor, China.

Traditionally, in pursuing developing world ties, Japan has given higher priority to the nations of Southeast Asia and the Pacific region. Because of their abundance of resources (timber and petroleum, for example), Japan has been able to exploit the nearby raw materials to help keep its industrial machine running at full steam.

The region has also provided a natural marketplace for such commodities as motorcycles, heavy equipment and so forth. In fiscal 1979, for example, Japan had a nearly \$17 billion trade deficit with the five members of ASEAN, largely because of substantial oil imports from Indonesia and Malaysia. And, the trend can be expected to continue, with some modification, in an energy-short world.

After the Crisis

In the past, many countries in the region have felt that a considerable portion of Japanese investment has been tied to Japan's own industrial interests rather than the needs of the host countries, and this can also be expected to change.

Since the world's first oil crisis in 1973, Japan has been forced to re-evaluate its relations with politically unstable Middle East nations, particularly those in the rich Gulf, having to balance conflicting views of its ally and protector, the United States, with those of the Arab producers from which Japan exports about 80 percent of its total yearly energy supply.

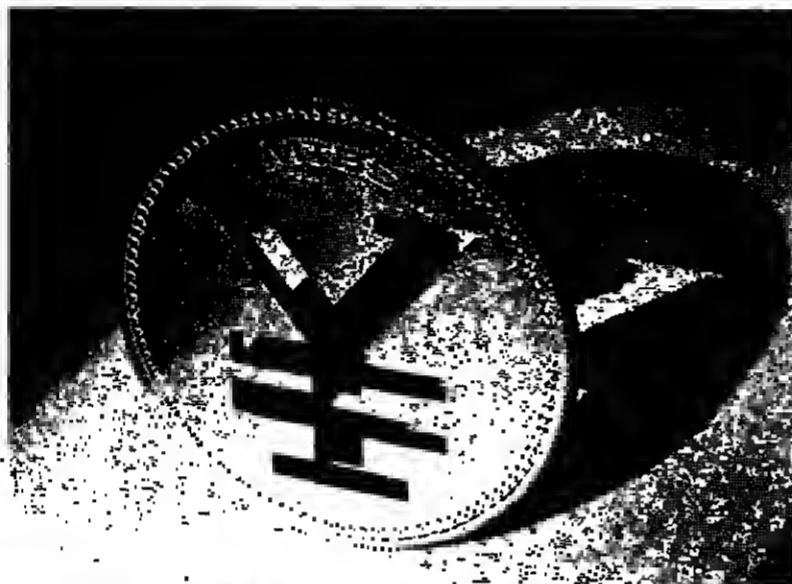
The "fragile giant," as Zbigniew Brzezinski once called Japan, has dived into the region at a moment and not threaten the nation's oil supply line.

The war between Iran and Iraq is a case in point. Not only does Japan virtually lose two of its export markets of recent years with the closing of Iraqi ports, but a major source of oil, as was supplying Japan with about 20 percent of its national annual requirement.

Fear of a nationalization of Iranian investments in Iran as a result of the Iranian revolution is one of the reasons the Japanese government recently initiated negotiations with the nationalized Iranian oil companies on agreements to guarantee overseas investments.

The yen's possibilities.

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Educational System Continues to Get High Priority

By Gregory Clark

TOKYO — One out of every four Japanese — or about 27 million people — is enrolled in an educational institution, offering proof of the importance the Japanese continue to place on education as the major means of maintaining their resource-lacking islands as one of the world's powerful economies.

This figure does not include the many millions who each year go through intensive in-house training courses in Japanese businesses.

In addition to the millions in Japan's six-year elementary schools, three-year middle schools, three-year secondary schools and universities, about 2 million go to kindergartens. Education in Japan is

compulsory, and free through the end of middle school.

But for most, middle school is just the beginning. More than 90 percent of middle school graduates go on to secondary school, and just under 50 percent of secondary school graduates go on to universities.

Despite these impressive figures, criticism of Japan's educational system remains heated, much of it focused on the so-called examination "hell." In Japan's group-oriented and highly competitive society, much attention is paid to the place in which one receives one's education.

Graduates of the prestigious Tokyo University, in particular its law-school alumni, are virtually guaranteed a free ticket to the top echelons of Japanese society. Most

of Japan's top bureaucrats today graduated from there.

Parents will do anything to get their children into well-known universities. At times this has gone so far as back-door payments of thousands of dollars, but for the most part it involves forcing children through a series of progressively more difficult examinations.

To pass the entrance exams of a good university one must have gone to a good secondary school. To get into a good secondary school, which also has its difficult entrance exams, one has to have gone to a good middle school. And so on, all the way down to kindergarten. Even kindergartens have strict entrance tests to weed out the less gifted.

One result of all this is the juku system. Juku are private cramming or preparatory schools which offer,

for a large fee, to prepare children for each of the various exams. Estimates suggest that at least half Japan's schoolchildren will engage at some time or other at a juku during normal school hours preparing for exams.

Entrance exams have become difficult that even the bright child cannot pass them simply the basis of what he learns in normal school. Each year brings a crop of suicides as young Japanese agonize over the loss of career potential and the shame they have brought to their families in failing to win acceptance to an elite university.

Given this effort to pass exams one would expect standards to be fairly high and to some extent it is true; on a direct year-to-year basis. (Continued on Page 115)

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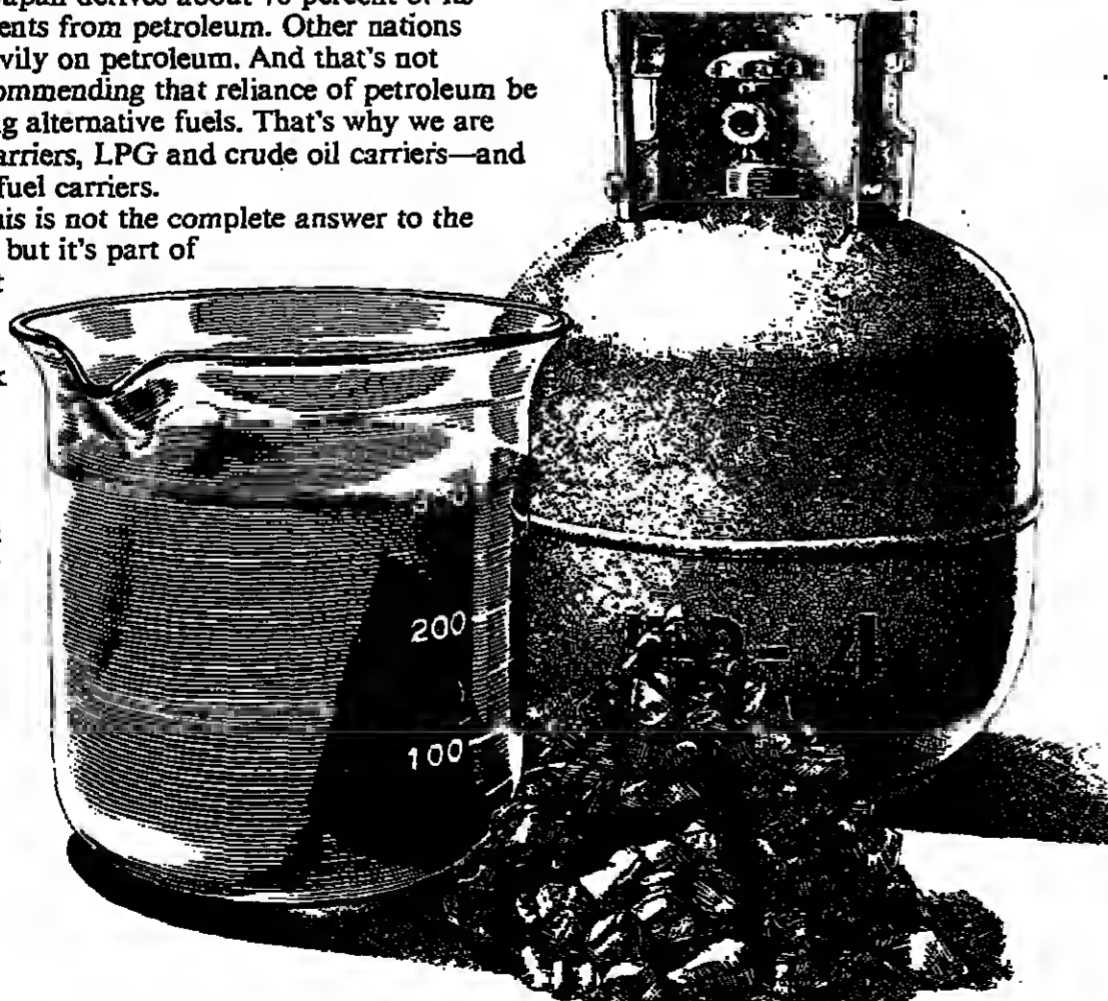
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Newspaper's Computerized System Does Everything Except Go Get a Cup of Tea

Don Kitagawa
Overlooking Tokyo near the mouth of the River, stands the first plant in Japan, and in the world, built as computerized production using "the most systematized technique to date."
The Asahi Shimbun's new plant, with four and 16 above-ground structures at a cost of \$100 million, not including the crammed with another 100 million worth of new computerized equipment, new rotary offset presses, programmable counter-stacks, computerized newspaper and addressing system, computerized newspaper processes are nothing new world, especially in the states, where the first and latest advances were made.

rolls are delivered to Asahi Shimbun's building, computers take over, storing and then delivering the rolls automatically to each printing press before it runs out of newspaper.
The fire prevention system is computer-controlled and security guards watch banks of computer-controlled television screens for unwelcome intruders. Even the ventilation blinds are computer-controlled, automatically adjusting themselves to temperature changes.
The 32 high-speed rotary offset printing presses, capable of printing 150,000 copies of 24-page newspapers an hour, are also computer-controlled.
Once off the presses, the newspapers are counted, stacked, addressed, wrapped, tied and delivered to waiting trucks under computer control.
The heart of the Asahi Shimbun's system is NELSON, an acronym for New Editing and Layout System of Newspapers, which took the newspaper 10 years to develop in collaboration with IBM.
NELSON is a fully computerized pagination system permitting the editing and composition of full pages.
Many newspapers in the United States and in Europe have switched to cold type and pagination. However, none, according to

the Japan Newspaper Editors and Publishers Association, even among the most advanced newspapers in the United States, has yet succeeded in inputting graphics into its pagination processes.
The Asahi Shimbun's NELSON permits direct inputting of all graphics, including advertising illustrations, news photos and headline cuts — a feature of Japanese newspapers in which headlines are not simply black type on white paper but are set over intricate designs.
Two other Japanese newspapers have also adopted pagination, the Nihon Keizai Shimbun, a national economic newspaper, and the Shinano Mainichi Shimbun, a local newspaper published in Nagano in central Japan. Neither paper, however, has succeeded in putting news photos into its page-make-up computers. They are still fitting in news photo negatives into the final full-size negatives produced by their pagination computers.
About 20 percent of Japan's newspapers have switched to cold-type systems, but none is as advanced as the Asahi Shimbun, or Nihon Keizai and Shinano Mainichi.

at the very outset of their production process.
This is because of the complexity of the Japanese language, which consists of thousands of Chinese ideographs, two different sets of 51 syllabaries each, the Roman alphabet, Arabic numerals and punctuation marks both Western and Japanese.
Dictation, therefore, is the basic way in which news is sent in by the reporter to his head office, but greater and greater use is being made of high-speed facsimile transmitters, capable of sending a standard page of 150 characters in 15 seconds.
Most Japanese newsmen dispatched abroad, however, Romanize their copy when filing via telex or leased lines to the head office, but here again, the trend is to use high-speed facsimile transmitters.
Once the copy is punched out on perforated tape and simultaneously stored in computers, the production and pagination process of Japanese newspapers pretty well follows the Western pattern. The exception to this is the Asahi Shimbun's use of IBM scanner/plotters to scan news photos and put the signals into its NELSON host computers, two giant IBM 3033 MP units. The news photos can be screened, sized and cropped electronically.
Full-Page Negatives
Similarly, headline cuts, produced on a separate system, are stored in the host computer. Only the advertising copy, including illustrations, is stored in a separate system and is only "docked" with the editorial content of each page when full pages are transmitted to facsimile receivers in Asahi's printing plants in various parts of Tokyo or in other cities in Japan.
The facsimile receivers produce

full-page negative films, which are fed into automatic platemakers capable of producing four aluminum plates a minute. These plates, each weighing only 180 grams, are delivered by a computer-controlled process to the rotary presses.
The production process is monitored by a Process Control System, which consists of two Hitachi minicomputers and 85 videocolour display terminals. The terminals, each of which has 12 channels, are located at control points along the production line.
The system provides real-time information on the number of pages on which pagination has been started or completed, the number of copies printed or still to be printed and the number of bundles of papers already loaded or still to be loaded into trucks.
In this way, computers are used

by Asahi Shimbun at almost every stage of its production. In fact, in addition to the two giant IBM 3033 MP computers in its NELSON system, Asahi Shimbun has two smaller IBM 370/157 computers and a total of roughly 40 minicomputers in operation.
Asahi Shimbun's computerization program has meant the loss of 600 jobs as a result of the shutting down of its hot-metal operation. Not a single person has been fired, however. All the employees have been retrained and assigned to other jobs. The manpower saving, Asahi Shimbun says, will come through attrition.
Asahi Shimbun officials are confident that the computerized production system will provide the groundwork for Asahi's "next 50 years" of continued prosperity.

Educational System Continues to Get High Priority

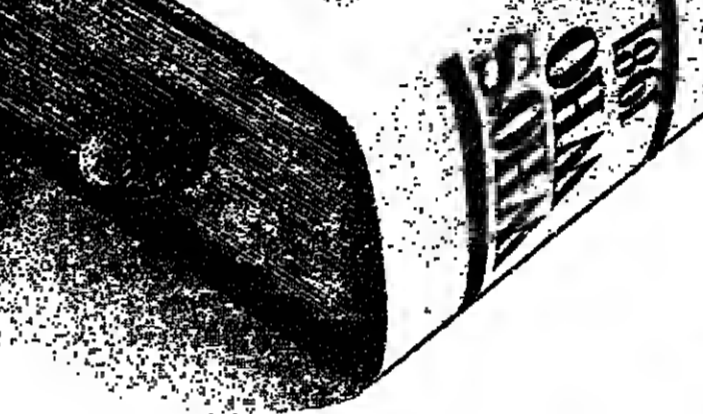
Continued from Page 105
Most Japanese pre-universities are said to be as much as three years ahead of their counterparts, particularly in mathematics and natural sciences. Japanese children receive their parents from days in foreign countries enormous problems adjusting to high standards.
Most Japanese educators insist that a reliance on rote learning and cramming does great harm to creativity, and many are moving to include more oral and essay writing in their tests.
Many students lose interest in their studies, when they finally gain admission to the coveted university, quickly lose all interest in their academic study. Graduation is

almost automatic, and the principal concern for most is to get a job with a good company.
Unlike the universities, companies have little interest in past academic achievement. What they want are "recruits" with the right personality and connections to become effective team members. Some even boast of going out of their way to avoid study-minded graduates. Few graduate-school diplomats, apart from those in the natural sciences, can expect to get jobs in private enterprise.
Added to all this is an ideological problem. When the U.S. postwar authorities set out to democratize Japan's education system they unleashed some forces which the present conservative government would like very much to see controlled. They would like to weaken in particular the power of the left-

leaning Nikkyoso, or Japan Teachers Federation.
Claiming the support of almost half of Japan's teachers, Nikkyoso has assumed responsibility for keeping the government out of the classroom, even resisting attempts to introduce textbooks that seem to support government positions. Many of Japan's conservatives blame the organization for the alleged weakness and lack of spirit in today's Japanese youth.
The conservatives also blame the teachers for a recent outbreak of classroom violence. They want a return to the more Spartan education of prewar years, though in fact much of the violence comes from rightist, quasi-fascist gangs that recruit among school dropouts.
The most surprising result of the postwar reforms has been to create

a generation which seems more Japanese than its parents. Despite the fierceness of the entrance examination system, the overall education in Japan is extremely group-oriented and egalitarian. Elite education is discouraged. Few are flunked on year-end exams.
The overall philosophy is to do everything possible to turn the school into a basis of group identity, raise the average level and discourage individual distinctions. And these attitudes carry through after graduation. Recent tests have shown surprisingly and conclusively that, for the young Japanese today, group cooperation and relationships are just as important as they have always been.
Given the success of this approach, who can blame the Japanese for wanting to continue it?

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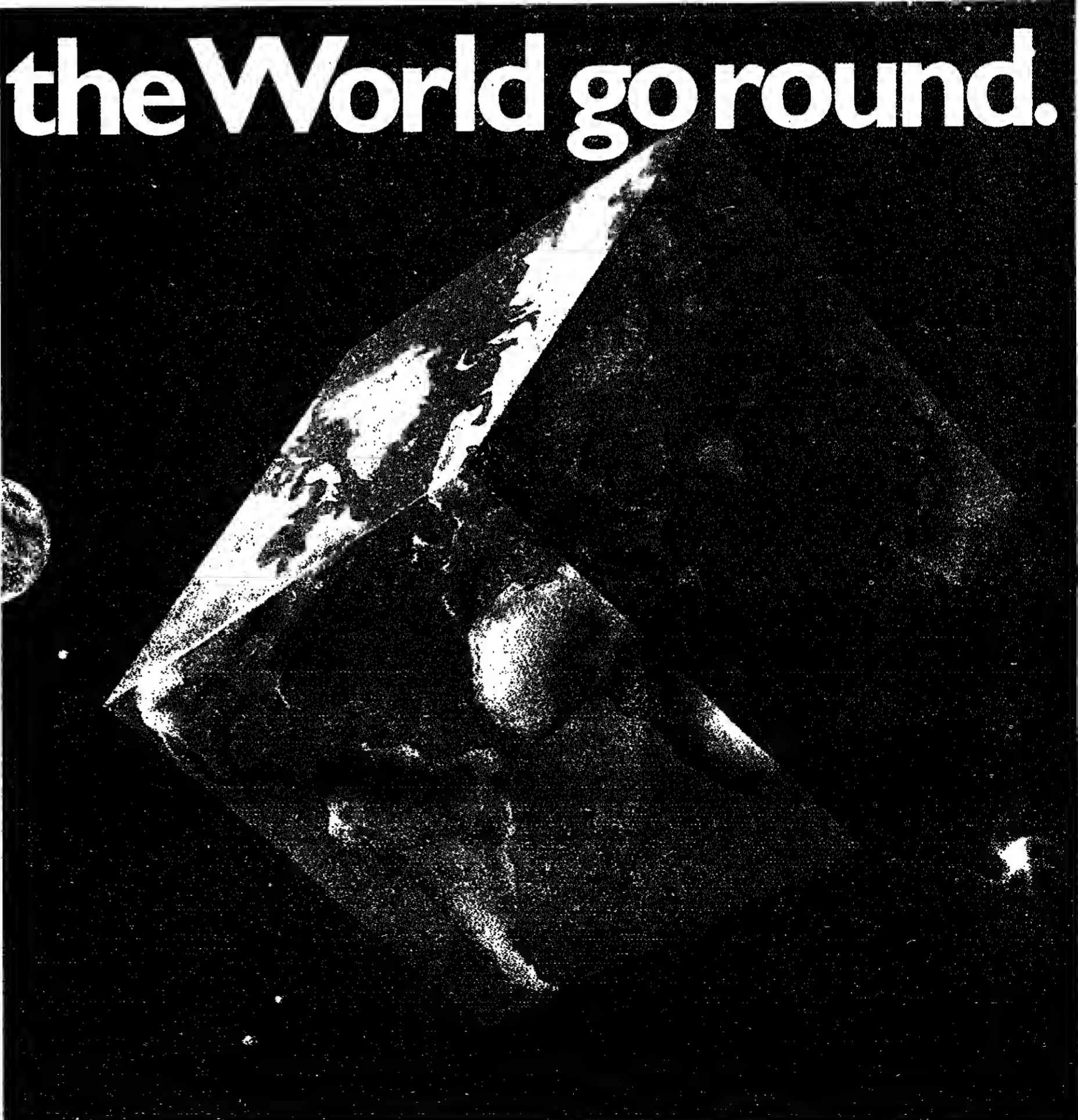
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of Gemma sector.

Ship Construction: Full Steam Ahead

Roger H. Schreffler

Having recently restructured itself from the bottom, the shipbuilding industry is setting a course for the future with the full knowledge that it can negotiate for now from a position of strength.

As a result of a resurgence of export orders (which in 1980 accounted for approximately 75 percent of all orders placed at Japanese yards), the world's No. 1 shipbuilding country is once again profitable. Late last autumn, for the first time in more than five years since the bottom fell in the world tanker market, all of Japan's major shipbuilding yards reported interim profits.

more encouraging, however, the news that local shipyards have a sufficient backlog to guarantee work for two to three years. Adding to the industry's renewed optimism is the fact that Japan recently predicted Japanese shipyards, which are now at about 50 percent of 1973 peak operating rate, will

As a result of a resurgence of export orders, the world's No. 1 shipbuilding country is once again making profits. Local yards now are working on a backlog of orders.

ence an annual growth of 7.6 percent through 1985 — not bad for an industry which from 1973 through 1978 experienced a 90 percent decline in orders.

Cautiously Optimistic

Among the most major shipbuilders are officially cautiously optimistic about what the next few years hold in store. Mitsubishi Heavy Industries (MHI), the leading shipbuilder, which in 1979 (through March 1980) reported a profit of more than 22 billion yen, is forecasting even growth.

According to Takatoshi Hashida, director of the firm's shipping and steel structures division, MHI is now anticipating a demand to increase at a rate of 9 percent per annum through 1985, with orders for new ships expected to total 175 billion yen in fiscal 1981.

A resurgence of the shipbuilding industry in Japan — which the early 1960s has been the largest shipbuilding nation — has been a major source of command and frustration for European shipbuilders, who still find themselves in a serious slump. Through the first nine months of 1980, Japanese yards reportedly won

more than 80 percent of all export ship orders handled within the Organization for Economic Cooperation and Development (OECD), with the 12-nation Association of Western European Shipbuilders (AWES) taking the remainder.

Adding to worries of the European shipbuilding industry, nearly 75 percent of all new ship orders (8.5 million tons out of 11.3 million tons), including both export ships and domestic ships, reportedly went to Japanese shipyards during the same period. The Japanese Transport Ministry, concerned over mounting criticism from Europe, has argued that the gap is not so wide if local shipbuilders base their calculations on a compensated gross registered tonnage basis, as most of their European counterparts do.

The European industry — namely through AWES and the European Communities — is again, for the second time in five years, calling on Japan to curtail ship exports and to "bear a fair share of responsibilities in the face of the prolonged shipbuilding slump in Europe."

This time around, however, the Japanese industry is unlikely to comply as easily with European demands as it did in 1977, when it raised its ship prices by 5 percent, curbed exports to the Netherlands and West Germany, and curtailed production.

Officials from both government and industry have come out in defense of the industry's increased market share, pointing out, among other things, that a strong yen will make it more difficult for Japanese shipyards to win orders in the months ahead.

Further Concessions? A high-ranking Transport Ministry official recently stated that while Japan is sympathetic to the plight of European shipbuilders, it is unlikely that the Japanese shipbuilding industry will be able to make further concessions on the matter.

The clear implication of the new "get tough" policy is that European shipbuilders should follow Japan's example and make whatever sacrifices are necessary to improve their business situation — which translates into the reduction of both facilities and operations, if necessary.

Caught off guard by the world's first oil crisis in the autumn of 1973, Japanese shipbuilders, which had an annual output of 30 million gross tons, at that time 80 percent of which were tankers, felt the crunch perhaps more severely than any other nation.

Through joint government and industry planning, it was decided that if the industry were to survive, a major reorganization was necessary. Thus 61 shipbuilders were asked to curtail operations drastically. Toward the end of the decade, builders formed an anti-recession production cartel and attempted to institute measures such as a scrap-and-build program to stimulate new demand.

Major Consequence One of the major consequences of the slump and subsequent reorganization was that major builders were forced to diversify their



BEAUTY — A young girl in traditional garb strolls during festival in Japan.

total operations further and reduce the weight of their shipbuilding divisions. In the case of MHI, for example, shipbuilding sales as a percentage of total sales dropped from 37.3 percent in 1974 to 12.7 percent in 1979.

While the pre-1973 major builders are finally feeling the positive effects of curtailing production, the big winners of the reorganization have been the largest of the former medium-sized builders — firms such as Kurushima Dockyard, Tsunishi Shipbuilding and Imabari Shipbuilding — which have expanded their net production capacity and assigned work loads by absorbing smaller yards which either had declared bankruptcy or were financially unstable.

The net effect of such arrangements is an emerging new order for the Japanese shipbuilding industry and the erosion of the dominant market share of the traditional top seven firms, says Tait Ratcliffe, president of the Tokyo-based IBI Inc., which has done a number of in-depth studies of the industry. Adds Mr. Ratcliffe: "The level of competitiveness has been maintained by scrupulous attention to the development of new, labor-saving technologies and their prompt application to production."

The Kurushima Dockyard Group, formed in 1980 as a direct outgrowth of the government's anti-recession measures, has been the single largest beneficiary of the restructuring.

The group, which includes Kurushima Dockyard, Sasebo Heavy Industries and three smaller builders, had moved up from relative obscurity to the third spot in terms of assigned work load for the duration of the cartel, behind only MHI and Ishikawajima-Harima Heavy Industries.

Leading Banker Expresses Cautious Optimism for '81

TOKYO — Largely because of monetary policies taken last year in an effort to hold down wholesale commodity prices — as well as anticipated friction with the nation's major trading partners over growing exports in a number of key industries — Japan can expect slower economic growth in 1981 compared with last year. So stated Shuzo Muramoto, president of the Dai-ichi Kangyo Bank, one of the nation's leading commercial banks, in a recent interview.

"We are not pessimistic," Mr. Muramoto said, "but rather cautiously optimistic and envision slightly over 4 percent growth for the year." Among the reasons for his guarded optimism are an anticipated strong showing again in the capital equipment investment and export sectors, which in recent years have been two of the pillars of Japan's economic strength, coupled with the expectation that there will be no big increase in the price of oil in 1981.

Mr. Muramoto, a member of the U.S.-Japan Economic Relations Group (the so-called "wise men's group"), had praise for President Reagan's new economic course. "We admire Mr. Reagan's courage in cutting government expenses," he said. "We envy the U.S. to have such a courageous president."

More Time Required

He believes, however, that more time is required to evaluate the overall Reagan program, in particular how the new administration will fare in its dealings with Congress which, according to the bank official, "will make his programs realistic or unrealistic."

The issue of reducing government deficit spending is of particular importance to Japanese political and financial leaders as the national debt has now swelled to more than 66 trillion yen and is expected to increase further before any reversal can be effected. In recent years the Japanese government has been either unwilling or unable to make the difficult choice between a major cut in government expenses, which would first be felt by such politically sensitive sectors as public education and the already-thin social security, and a major tax increase, equally if not more dangerous politically.

Most high-ranking officials of both government and industry have taken the view that some form of taxation will be necessary if Japan is to ensure stable economic growth and reduce the huge budgetary deficit without cutting deeply into welfare programs. Increasingly, it appears as though some sort of value added or general consumption tax will eventually be implemented, although a time schedule is still not clear.

On the prospects for tax reform, Mr. Muramoto said: "If the expenses of our government continue to increase by 11 percent per annum through 1984, the government will have an annual deficit of 6.8 trillion yen on its hands. That is almost 10 percent of our general expenses, so some measure is necessary." One move would be to cut expenses, which, to date, he said, "our government has failed to do. That is why we admire Mr. Reagan and envy the American nation." Another option is to implement a new tax.

"That type of general consumption tax," he said, "if we translate it literally, has already failed to pass the Diet. So there must be some change in the way the idea is

proposed, but it would almost be the same tax." Mr. Muramoto believes that there is a chance for the tax measure to be effected from the start of fiscal 1982, although he anticipates a certain amount of resistance from both the opposition parties and the general public.

Concerning U.S.-Japanese trade relations during the next four years, the banking leader sees some problems ahead, which he hopes can be resolved through compromise or mutual agreement. According to Mr. Muramoto, the United States will most likely continue to call on Japan to make a greater contribution to its own national defense in addition to making "some contribution or compromise to defend U.S. industry."

On the defense issue, he said: "We don't think it is realistic for Japan (to assume a larger share of direct military-related expenses). It will be difficult to convince the Japanese nation of the necessity. There is a line that the Japanese government will try to come to, and that is, to increase the defense budget more than the increase of the whole budget. Any greater investment would be quite difficult."

Although he expects exports to continue strong throughout 1981, he cautioned that friction with major trading partners — namely, the United States and the nations of Western Europe — might have a dampening effect on certain industries.

Two Problem Areas

"That is one of the reasons why we cannot be too optimistic about the output of exports, especially in the auto industry," he said. Of the two major problem areas (growing auto and semiconductor exports), Mr. Muramoto said that they were basically the same, in that "almost all people in the world now recognize Japan as the best country where these products can be produced."

There are a number of points of difference, and that is one reason why he does not feel that the semiconductor issue will be as explosive, at least over the short run. Among the reasons he cited are that Japan is still importing a substantial quantity of semiconductors from the United States and that the Japanese semiconductor industry has already developed production facilities in Europe and

the United States, thus contributing to American and European employment.

Concerning the recent cancellation by China of plant import contracts, Mr. Muramoto expressed surprise. While not speculating on the overall effect the unilateral move by the Chinese might have

on Japanese-Chinese trade relations, the Dai-ichi Kangyo president, in a clear case of understatement, said that it "will not strengthen" relations. "Still," he said, "the fact that China is our big neighbor will remain in the future."

Mr. Muramoto, who is expected

to be named president of the Banker's Association this spring, said that the yen should remain strong. Concerning the Deutsche mark, he said: "We think that the Deutsche mark is suffering now, but we are cautiously optimistic that it will stabilize in the near future." — R.H.S.

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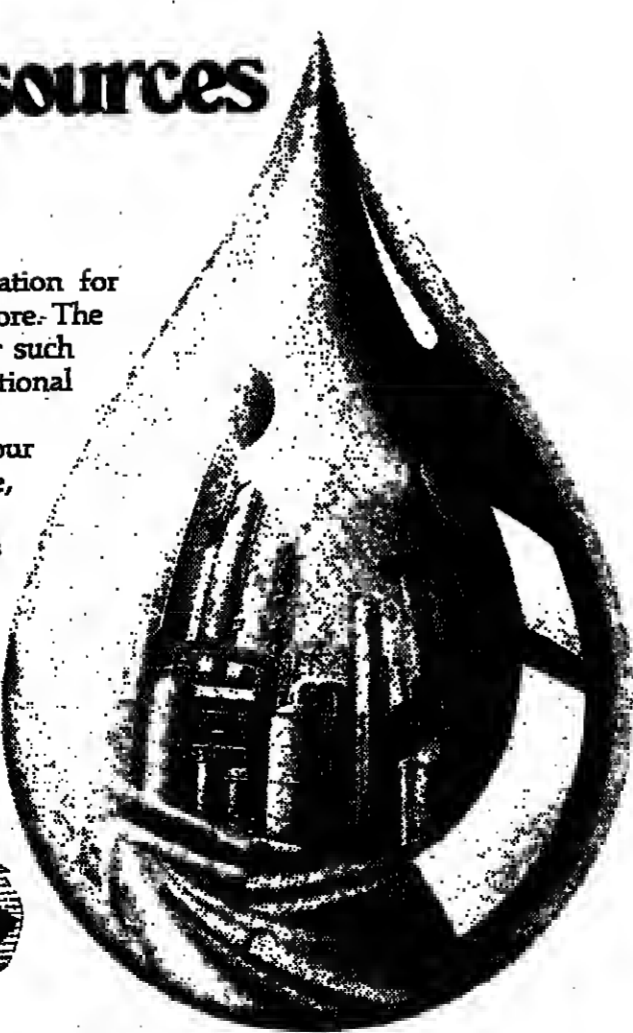
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Japanese Stocks: Investments By Foreigners Keeping Pace

PARIS — Foreign investment in Japanese stocks, which reached a record high last year, is expected to continue its growth in 1981, according to securities analysts.

After about four years as a net sellers' market for foreigners, reaching 144 billion yen in net foreign sales in 1979, net foreign purchases of Japanese stocks climbed to 835 billion yen last year, about 5 percent of Japan's total stock market transactions, say analysts at Nomura, one of Japan's securities houses.

Although the percentage of foreign investment is likely to remain unchanged, the amount of foreign purchases is expected to grow along with the market, they add.

Positive Factors

Japan's favorable economic situation and outlook compared with other industrialized countries, the liberalization of its foreign exchange and trade control laws, its growing stock market and the interest of petrodollar investors are all responsible for this increasing foreign activity.

Foreign purchases of Japanese stocks peaked last year in July, August and September because of the interest of Arab OPEC states, which accounted for about half of total foreign investment at that time, said an analyst at Nomura.

The hostage crisis in Iran and the freezing of Iranian assets by the United States, the Iran-Iraq War and the desire to diversify petrodollar investments away from the United States as well as the uncertain U.S. economic situation preceding the presidential election all contributed to Arab investment in Japan, he said.

Investment by Arab money managers themselves — in London, Switzerland and, to a more limited extent, in the United States, West Germany, France and the Netherlands — soon followed, he said.

U.K. and France

He noted that the largest investment institutions with Japanese portfolios are in France and Britain. "They have important Japanese sections and constantly send their people to Japan to study the market. U.S. money managers are not as acquainted with the Japanese market, although there are perhaps fewer restrictions in the United States for investment than in Europe," he said.

Because of the situation in Poland and the problems of the Deutsche mark and the West German economy, West German investment in Japanese stocks will

Growth potential and liberalized policies help attract international interest to the market.

probably increase this year, he predicted, adding that the French presidential elections and continuing economic problems will probably mean an increase in French investment as well.

Arab investment in Japan will continue, said one Arab banking official in Paris, "because of Japan's open investment policy, which is uncritical of Arab investment, and its economic outlook."

Said a French securities analyst, "the Japanese have adapted the quickest to the second oil shock. For fiscal year 1981 (starting on April 1), their GNP is expected to grow at more than 5 percent per year, inflation will fall below 5 percent, the balance of payments current deficit will probably decline by about a half and the yen will continue to climb."

Private Demand

According to Toshiaki Kamijo, executive director of the Nomura Research Institute in Tokyo, "economic recovery will be led by the strong momentum of autonomous private demand, i.e., consumption, stock-building and investment."

Corporate profits of top Japanese companies will continue their upward trend of the past three years, he said, because of "the improvement in the cost structure of Japanese companies, the increased contributions to earnings from new products and services based on newly developed technology and the sharpened international competitiveness of exports."

"The selection of stocks should be based on the positive search for fast-growing sectors and companies which are favorably placed to take advantage of new openings in technological innovation and advancement," said Mr. Kamijo.

Popular Firms

Among the products projected to grow the most rapidly in 1981, according to Nomura forecasts, are VTRs (video tape recorders) and VTR cameras and tapes, paper copiers, office computers, facsimile equipment, word processors, machine tools, industrial robots, ultrasonic tomographic (X-ray-like

diagnostic) systems, integrated circuits, light-emitting diodes, optical and carbon fibers, seamless pipe and second-generation antibiotics.

Securities analysts say high technology, life sciences and pharmaceutical as well as high capital companies with a good financial status will continue to be the most attractive investments in Japan.

Among the Japanese companies most popular with foreign investors have been Hitachi, Sony, Nippon Electric, Nippon Steel, Sumitomo Metal, TDK, Ajinomoto, Takeda Chemical and Fujitsu-Fanuc.

"The Japanese stock market is not an 'accidental' market, where investors go in and out only when they find something interesting — it is becoming part of their regular portfolio," said an analyst at Nomura, which suggests a 15-20 percent proportion of yen in an internationally diversified portfolio.

The growth potential of the stock market in Japan is one of the reasons for foreign interest.

Actually, there are seven stock exchanges in Japan, although the Tokyo market, which accounts for about 85 percent of Japan's stock transactions, is by far the most important.

According to Nomura, the Japanese stock market is the second largest in the world, after New York. It has grown from 5 percent in 1970 to 14.9 percent in 1979 of the world's stock market capitalization and from 24.3 percent in 1970 to 31.6 percent in 1979 of the world's share turnover.

Top Securities Houses

Nomura, along with Daiwa, Nikko and Yamauchi, are Japan's more important securities houses, accounting for about 50 percent of all stock market transactions.

Another reason for increasing foreign interest in Japanese stocks is Japan's liberalization of its investment policies.

Japan's restrictive policy concerning foreign investment dates from its post-World War II fear of foreign, particularly U.S., domination of its economy. This policy has become increasingly liberalized in the past decade.

Although the law restricted investment to 25 percent foreign ownership, prohibited convertibility of ordinary yen deposits and required special conditions for foreign currency and free yen deposits, exceptions were made on demand.

Last December, Japan amended



The Tokyo stock market.

its foreign exchange control law to permit convertibility of all yen deposits, the opening of foreign currency deposits without conditions and up to 100 percent foreign investment of a company's shares without consent from the company's management — except for those companies that are "vital to the national security" and/or "smooth performance of the national economy."

While some skeptics are concerned that clauses prohibiting foreign investment in strategic areas will be used to restrict investment, other analysts see no cause for alarm. They say the amended law

merely makes Japan's

tion trend official.

"Before, exceptions

more than 25 percent

investment were made on

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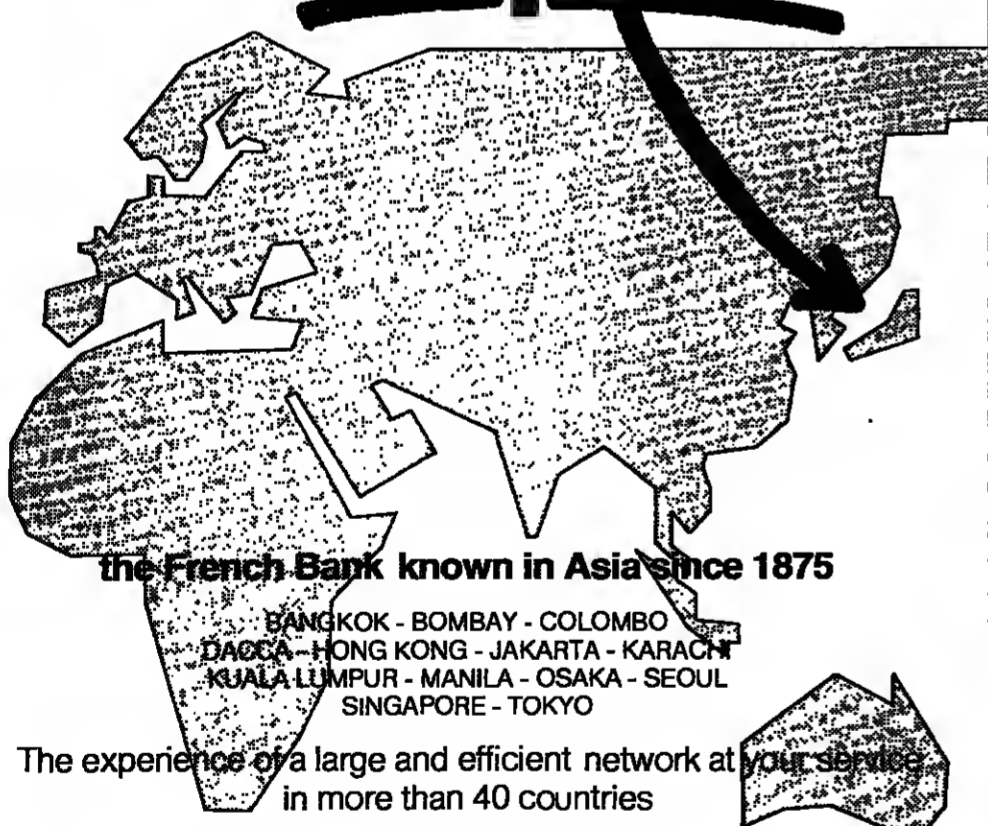
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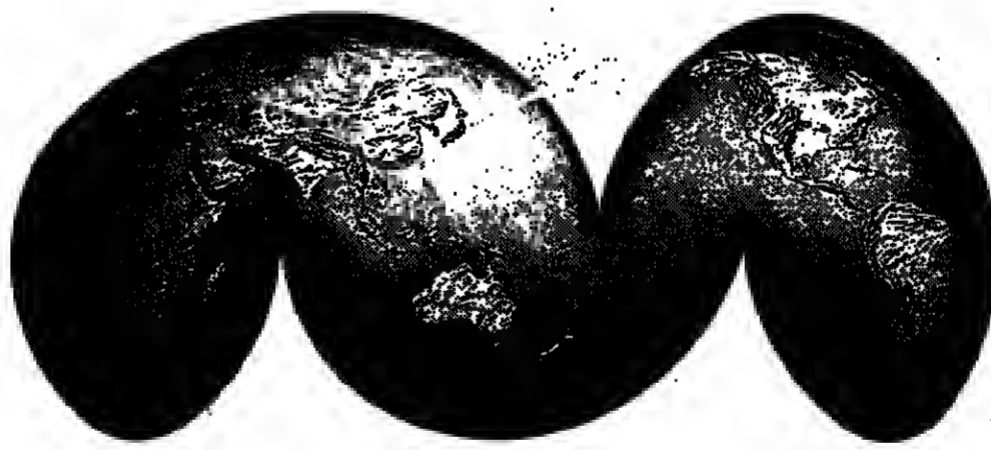
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JAPAN

crowding Remains Problem

TKYO — Japan's most serious problem — and the one that is discussed — is overpopula-

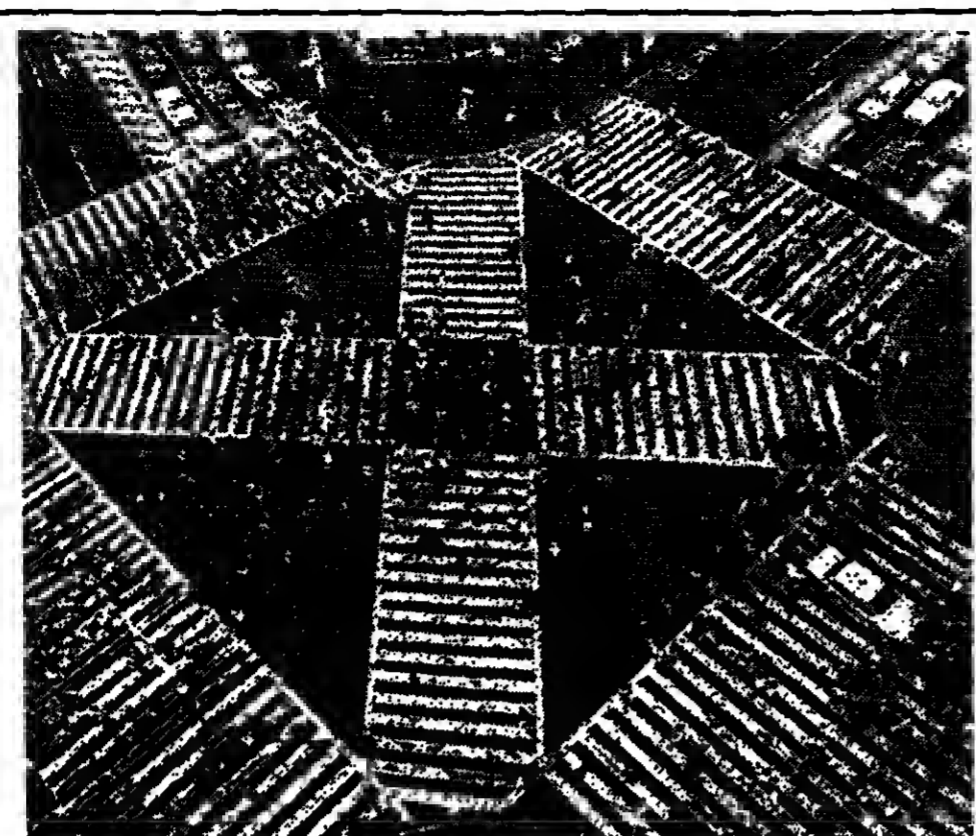
tion. Japanese never really admit that their country is overpopulated. The furthest they will go is to say "our country is narrow." Indeed, it is the "narrowest" or most "overpopulated" — of major industrialized countries. The problem is not so much that there are more than 115 million people. That total, equal to the population of Europe and the United States, represents 110 million more than half the number of Americans.

Further, the problem is that with 370,000 square kilometers, Japan is only 20 percent larger than Italy, 30 percent smaller than France. With 70 percent of Japan's land area mountainous and a small percentage devoted to farmland, two-thirds of Japan's urban population resides and works in less than 5 percent of the total land.

A String of Cities
Japan's vast, mountainous interior, therefore, is populated, while coastal plains bear the weight of a population density equalled only by the most industrialized districts of Europe and the United States. From Tokyo to the 4,000 miles to the west, Japan's largest industrial corridor — passing through the rearing sacred Mount Fuji — is one long string of cities.

It is no wonder a recent first-time visitor called Japan "the biggest 'in the world'."

With the exception of the northern island of Hokkaido, Japan's countryside is the most heavily scarred in the world. Although Japanese pride themselves on respect for "harmony with nature," they have installed far more concrete per square meter of their land than any other country on earth. The Japanese countryside is an endless stream of shops and houses, an amazing jumble of towers of every size, shape and color. Even the once-lovely hills of the Tohoku (northeast) and the tiny valleys of remote Shikoku Island are almost entirely inflated by cement factories, chemical plants, gas stations, and other creations of concrete. It is virtually no spot in Japan, not from Hokkaido, where one drives through the countryside about seeing at least one building in every direction.



PRIORITY — Pedestrians get the priority at this busy intersection in Tokyo.

The population crunch is thus more severe than in any other nation. No stretch of countryside in overcrowded Belgium or The Netherlands can compare with the overdeveloped plains of Japan. Even the mountain districts are clogged with as many buildings as human effort can provide.

The Japanese have reacted admirably to a crush that would likely oppress any other nationality. It helps, of course, that most of their buildings are of a size which other people would find unacceptable: their tiny homes, restaurants, and office buildings feature doors that are one-half narrower than those almost anywhere else. Foreigners seeking residence in Japan find it difficult to adjust to traditional Japanese housing, unless they resist hitting their heads on doorways, or enjoy tight spaces.

But the Japanese seem to bear it all well, even as their children grow taller and taller. Squeezed into tiny chairs at the local raw fish bar or pressed into a railway car whose dimensions would squeeze most Europeans, the Japanese seem comfortable at home and unlikely to complain.

One evidence of their adjustment is the low level of crime in Japan. If, as the old saw has it, overcrowding leads both to crime and human beings to murder, Japan is the exception to the rule. There were only a few violent murders in Tokyo last year, despite the fact

the average family of four shares a living space roughly as large as the average European or American executive's office.

Farmland Disappearing
But the press of people is inevitably exacting its toll. While turning their tiny islands into the world's second largest industrial power, they have eaten away at the little agricultural land that remained. Once, there was a certain logic in that move; automobiles provide a much higher level of "value added" for Japan than would the equivalent agricultural output.

But Japan has become enormously dependent on imports of food; she is self-sufficient neither in production of soy beans, fish, nor meat. If Japan's population had been half its present level, or — more reasonably — one-third, the country could have enjoyed a relatively high level of industrialization while continuing to produce enough foodstuffs to prevent disaster in the event of cutoffs in international trade.

At the present level of population, in order to fuel its industrialization, Japan has become doubly dependent; she must import both vital raw materials for industrial production, and the food she eats. Thus, the high level of population prevents Japan from achieving true economic self-sufficiency.

In addition, the swell of people

makes it impossible for Japan to achieve the high standard of living common in such countries as West Germany, Switzerland and the United States. For although gross national product and per capita income figures now show Japan competing very well with those countries, they reveal nothing about the real "quality of life." Because of the population press, Japan's land prices are the highest in the world; a house that would be ordinary in the suburbs of Brussels or Stuttgart sells for more than half a million dollars in Tokyo. And land for recreational facilities is so scarce that even the wealthiest people have to forgo such pleasures as golf, tennis and swimming.

All this might have been avoided if the earliest modernizers of Japan had had the wisdom to realize their country's limitations. But they saw Japan playing a major role in the world, economically and militarily, and for that, it had to grow in population as rapidly as possible. Large families were the glory of the nation in the 19th century and during the Second World War.

Now, it is too late to repair the damage. Despite a rapidly declining birth rate, and evidence that many Japanese women are choosing to remain childless, Japan remains hopelessly overpopulated. Not even the promise of zero population growth, if achieved within two decades or so, can reverse the damage.

—F.A.

Street Life Makes Tokyo a Fascinating City

TKYO — It has none of the grand avenues of Paris, none of the piney woods of Rome, nor the ancient and picturesque winding streets of many European cities. But there are many seasoned world travelers who are convinced that Tokyo is one of the most fascinating, and most livable, of the world's great metropolises.

What Tokyo does have in abundance is street life. Tens of thousands of coffee shops, pachinko (pinball) parlors, bars, restaurants, theaters and other gathering spots, from which the occupants overflow into a great variety of neighborhoods, both antique and modern.

Perhaps because Japanese housing lags far behind that in the West, the people of this nation — when they are not working overtime to earn their reputation as "workaholics" — devote a great deal of passion and energy to enjoying themselves away from home. With insufficient space at home to entertain guests — except the closest relatives — parties and celebrations are almost always held at neutral spots throughout the city.

While the teeming masses that fill Tokyo's streets are a shock for many visitors, they are clearly among the best-behaved in the world. Polite to the extreme (except in the immaculate subways, where they are known to push in the rush hour), the Japanese are among the world's most law-abiding citizens.

Thus, the visitor who finds himself in a large outdoor crowd at 2 o'clock in the morning or alone on a dark alley at 4 a.m. cannot have any rational expectation that he will be molested.

For most visitors, Tokyo offers more complex and more unpredictable perils: an extremely complex geography, and an almost unfathomable (at first) language.

Nominally one city, Tokyo is divided into 23 municipalities, and further subdivisions or districts, and, finally, subdivided into blocks numbered in a uniquely Japanese manner.

Signs in English
Only a very tiny percentage of Tokyo's tens of thousands of streets have a "name" in the Western sense, and even those are often ignored by the residents. Thus, finding an address in the world's largest city can require a great effort, even for the local resident.

—F.A.

ments project a misleading image of a truly cosmopolitan world capital. In fact, only a tiny fraction of Tokyoites are fluent in English (the most widely spoken of foreign languages.) And many of those people are high-level bureaucrats who limit themselves to the back seat of a chauffeur-driven limousine.

Yet seeing Tokyo for the first time, albeit superficially, in a few days — is not difficult. The secret is to do it the Japanese way — in a group. Just as Japanese tourists travel in groups when they go overseas — because they are afraid they will be unable to communicate with the neighbors — foreigners making their first trip to Tokyo can spend an enjoyable few days looking at the sights from a modern bus, with an English-speaking guide.

Especially if they visit the ancient Japanese capitals of Nara and Kyoto — absolute musts on a visit to Japan — tourists returning from Japan are unlikely to remember details of their visit to Tokyo's few "tourist attractions": the Asuka Kannon Temple (a Buddhist sanctuary flanked by an imposing

The teeming masses that fill Tokyo's streets are... clearly among the best-behaved in the world.

row of ancient shops), the Tokyo Tower (an obvious imitation of the Eiffel Tower), the Meiji Shrine (an ordinary example of Japanese Shinto architecture), or the Imperial Palace (which pales before Kyoto's equivalents because it is impossible to enter any of the buildings.)

Lively Street Life
What they will remember, however, is the lively life of the contrasting neighborhoods: the polished, super-smooth Glaze; the elegant Akasaka; the raucous, untrained Shinjuku; the vulgar Ueno.

If tourism, at its best, aims at fostering an appreciation of another culture and way of life — rather than presenting a parade of monuments — Tokyo is one of the best and most easily visited destinations. For it is impossible for anyone but the most unperceptive visitor to return from Tokyo convinced of the old saw that "all big cities are alike." In its unique blend of energy and restrained decency, Tokyo is like no other city on earth.

For years, tales have been float-

ing around that Tokyo is the most expensive city on any continent. Statistics compiled by the United Nations, the U.S. Department of State and other agencies seem to support the idea. Dinners at \$100 and hotel rooms at \$150 are the norm, to hear many a traveler. Thus, many a tourist never makes the trip.

Actually, many hotels do charge over \$100 a night, and many restaurants are expensive. But if the tourist takes the time to learn a few words of Japanese, he can

find, admittedly with some effort, numerous cheap hotels and restaurants throughout the city.

The trick is to seek out the places where the Japanese traveler himself stays and eats. This will mean adjusting to hotel rooms that are much smaller than equivalents in Europe or the United States, and to meals that are often strange to the tourist's palate.

Going native will not only save the visitor a great deal of money, but fully immerse him in the city.

—F.A.

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International Bond Prices - Week of March 27

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Table of International Bond Prices. Columns include Country, Security, Maturity, Price, Yield, and other financial metrics. Includes sections for CONVERTIBLE BONDS and AMEX Security.

— Explanation of Symbols —

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Table of American Exchange Options. Columns include Option & Price, Class, and various option types like Call, Put, and Spread.

Chicago Exchange Options

Table of Chicago Exchange Options. Columns include Option & Price, Class, and various option types.

Consolidated Trading OF AMEX Listings

Table of Consolidated Trading OF AMEX Listings. Columns include Security, Sales, High, Low, Last, and Change.

Consolidated Trading OF NYSE Listings

Table of Consolidated Trading OF NYSE Listings. Columns include Security, Sales, High, Low, Last, and Change.

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Saudis Agree to Lend \$10 Billion to IMF

By Hobart Rowen Washington Post Service WASHINGTON — The International Monetary Fund has agreed to lend \$10 billion to Saudi Arabia...



Jacques de Larosiere

Reports of Polish Default Heighten Bankers' Anxiety

By Carl Gewirtz International Herald Tribune PARIS — "It's a fact, Poland is in a situation of default," a senior official at a major New York bank reported late Friday...

Indicative of how charged the atmosphere is already, some New York bankers, while freely admitting that "it is a fact that Poland is in trouble..."

Selling 767s: They Don't Kick the Tires

By Eric Pace New York Times Service NEW YORK — Compared with other salesmen's jobs, E.H. Boulliou's is daunting. He specializes in selling an enormously expensive product — before it is produced...

not real," in the sense that the aircraft has not yet been produced. He said, "So if you're not real, how can you convince someone else that you can provide the product on time..."

Volatility of Short-Term Interest Rates Cuts Short Another Fledgling Recovery

By Carl Gewirtz International Herald Tribune PARIS — Yet another fledgling recovery in the Eurobond market expired last week, the victim once again of the chronic volatility of short-term rates...

Portugal, Greece, Colombia Set to Award Mandates

International Herald Tribune PARIS — Portugal, Greece and Colombia are expected to shortly award mandates to banks to organize sizable syndicate Eurocurrency loans...

CURRENCY RATES

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Advertisement for DOLDER GRAND HOTEL ZURICH, describing it as 'A house of tradition' and 'an outstanding reputation for the very highest standard'.

Ford, Strong Overseas, Seeks Import Curbs

By John Holusha
New York Times Service
DETROIT — Ford Motor Co., which has long overshadowed its archrival, General Motors...

"If we assume that sales will improve by 1982, as most people expect, Ford should be OK," Mr. Heinbach said...

But even if the overall market improves, Ford, along with the rest of the domestic industry...

"These are bet-your-company decisions for Ford, and to a lesser extent GM," said a well-placed industry analyst...

Mr. Petersen added, "We cannot continue to spend billions on programs that make no money..."

In his published interview, Mr. Petersen stated Ford's position starkly. Unless imports are cut, he said...

Nevertheless, virtually on one coisider Ford "another Chrysler," most analysts point out...



Henry Ford 2nd
'push them back to the shores'

News of Polish Default Com...
As Aid Talks Prepare to Op...

(Continued from Page 17)
tions with Poland that some bankers are expressing doubts about its motivations.

In effect, they fear that the Soviet Union is setting them up as the villains in Poland's deepening economic calamity...

Ever since Western bank lending to the East bloc picked up momentum in the early 1970s...

Proponents of the policy argued that it represented an irreversible

process of growing interdependence, which was backed up by the huge mineral resources of the Soviet Union...

Others said the lending had a liberalizing impact on Eastern Europe that was beyond the control of the Soviet Union...

The suspicion that this is what is happening is by no means universally shared by bankers...

This talk emerged last week as U.S. bankers met in New York to discuss their approach to Poland's request to meet again in London on Tuesday...

The U.S. banks have appointed 11 institutions to represent them in the talks (basically the 10 largest banks minus Continental Illinois and Security Pacific...

Attendance Uncertain
But the West German and French banking communities were either unwilling or unable to appoint representatives to this "task force,"...

At this point, the banks are nervously looking over their shoulders to make sure that no bank or group of banks succeeds in reducing its outstanding lending to Poland at the expense of the other non-guaranteed creditors.

In fact, Poland has repaid banks

about \$530 million due in the first three months of 1981. They are owed a total of \$1.1 billion during all of 1981...

The banks are expected to meet in London on Tuesday to discuss their approach to Poland's request to meet again in London on Tuesday...

What remains unclear is whether the debt is rescheduled, or if it is to be renewed on condition that Poland and the P...

To hear the bankers' amount will not be correct. And the word from conscious Washington money will have to come from Western Europe.

Rescue Plan for Thrifts Prop...
Los Angeles Times Service

WASHINGTON — The Federal Home Loan Bank Board will consider allowing savings and loan associations to sell their old low-interest mortgages through a complex transaction...

The proposal by Mr. Dalton, a Democrat, came as a surprise to the Department of the Treasury, which could lose considerable amounts of tax revenue if the suggestion becomes a reality.

The proposal Mr. Dalton discussed in a speech in Boston Friday would work this way: An S and L would form a partnership with some investing old mortgage low-interest rates. The would put up cash. The would be sold by the S at a loss, with the investor taking a deduction for the loss as a deduction against other income.

The partnership itself would be a "new" mortgage, acting just like a bank or other lender. A would be split between the investor and the investor in the partnership.

The proposal would be approved from the H Bank Board.

Interest-Rate Volatility
Cuts Short Another Rally

(Continued from Page 17)
long-term issues. It said the average yield to maturity on seasoned issues with up to five years to run increased to 14.04 percent at week's end from 13.7 percent...

From Tokyo, Reuters reported that Caterpillar Mitsubishi, a joint U.S.-Japan tractor venture...

Two Japanese companies, Ajinomoto and Marubeni are planning to sell shares on the Euro-market through the issuance of European depositary receipts.

The Asian Development Bank sold its 100 million DM of 10-year bonds bearing a coupon of 10 percent at a premium of 100 percent, cutting the yield to 9.92 percent.

In related news, Ross & Partners announced over the weekend that Drexel Burnham Lambert has acquired for cash the entire share capital of Ross & Partners (Securities). As a wholly owned subsidiary of the Drexel Burnham Lambert group...

Europe Bond Yields*
Week Ended March 25 (U.S. Dollars)

Table with 2 columns: Bond type, Yield percentage. Includes International institutions, Industrials, etc.

Market Turnover
Week Ended March 27 (Millions of U.S. Dollars)

Table with 2 columns: Market, Turnover. Includes Codel, Eurocl.

million francs of five-year paper bearing a coupon of 14 1/2 percent.

The first issue denominated in new European currency units (ECUs) was issued for Sofie, the Luxembourg holding company of the Italian state-owned telecommunications company STET.

To keep a tight grip on the after-market performance of this issue, lead manager Kreditbank will serve as clearing house for all trading until June.

The Asian Development Bank sold its 100 million DM of 10-year bonds bearing a coupon of 10 percent at a premium of 100 percent...

The proposal by Mr. Dalton, a Democrat, came as a surprise to the Department of the Treasury...

Market Turnover
Week Ended March 27 (Millions of U.S. Dollars)

Table with 2 columns: Market, Turnover. Includes Codel, Eurocl.

This advertisement is neither an offer to sell nor a solicitation of an offer to buy these securities, but appears as a matter of record only.

BAKHRABAD GAS SYSTEMS LIMITED
(AN ENTERPRISE OF PETROBRANGLA)
INVITATION FOR PRE-QUALIFICATION OF BAKHRABAD-CHITTAGONG GAS PIPE LINE CONSTRUCTION CONTRACT
CLOSING DATE EXTENSION

This is to notify potential bidders that the closing date for the pre-qualification of Bakhrabad-Chittagong Gas Pipe Line Construction contract, issued on February 5, 1981, has been extended to April 6, 1981.

MATERIAL ENQUIRY FOR STEEL LINE PIPE

This is to notify potential bidders that with respect to the enquiry for Steel Line Pipe, issued on February 19, 1981 in Dacca, Bangladesh, that the closing date for submittal of tenders has been extended to April 9, 1981.

BAKHRABAD GAS SYSTEMS LIMITED
Head Office, P.O. Box 97
Comilla, Bangladesh.
Telex: PETRODAG 725-DACCA.

LIASION OFFICE
House No. 539 B,
Dacca 5, Bangladesh.

Bank der Bondsspaarbanken N.V. Amsterdam
Dfls 75,000,000 11 1/4% Bonds 1981 due 1982/1991
Bank der Bondsspaarbanken N.V.
Bank Brussel Lambert NV
Caisse des Depots et Consignations
Swiss Bank Corporation International Ltd
Westdeutsche Landesbank Girozentrale

Ito-Yokado Co., Ltd.
Aggregate face amount on issue: U.S.\$25,000,000
6 7/8 per cent.
Currency Linked/U.S. Dollar
Payable Convertible Bonds Due 1991
Issue Price U.S.\$1,000 per Bond
Kuwait Investment Company (S.A.K.)
Nomura Europe N.V.
Goldman Sachs International Corp.
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
National Bank of Abu Dhabi

American Medical International, Inc.
1,500,000 Shares
Common Stock (\$1.00 par value)
Dean Witter Reynolds Inc.
Goldman, Sachs & Co.
Warburg Paribas Becker
A. G. Becker
Bache Halsey Stuart Shields
The First Boston Corporation
Bear, Stearns &
Blyth Eastman Paine Webber
Dillon, Read & Co. Inc.
Donaldson, Lufkin & Jenry
Drexel Burnham Lambert
E. F. Hutton & Company Inc.
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Lazard Freres & Co.
Lehman Brothers Kuhn Lu
Merrill Lynch White Weld Capital Markets Group
Moseley, Hallgarten, Estabrook & Weeden
L. F. Rothschild, Unterberg, Towbin
Saloman Brothers
Shearson Loeb Rhodes
Smith Barney, Harris Upham & Co.
Wertheim & Co.,
ABD Securities Corporation
Atlantic Capital
Basle Securities Corporat
EuroPartners Securities Corporation
Robert Flem
Kleinwort, Benson
New Court Securities Corporat
March 30, 1981

Handwritten note in Arabic script.

Default Prepare

Over-the-Counter

Table with columns: High, Low, Last, Net Change. Lists various stock symbols and their prices.

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Treasury Bills

Table listing Treasury Bill rates and maturities.

U.S. Aide Vows To Help Firms

United Press International
CHICAGO — U.S. Commerce Secretary Malcolm Baldrige Jr. has pledged to cut through federal regulations and red tape that he said have caused U.S. businesses to fall behind their foreign competitors in the international market.

LEGAL SERVICES

U.S. IMMIGRATION VISA, Tel. 20. 4th floor, Zurich, U.S. Lawyer Damon Spiller, 1 Biscayne Tower, N.Y. 10013, Tel. 305-639-0000.

CLASSIFIED ADVERTISEMENTS

(Continued from Back Page)
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CAMARQUE - PHANTOM VI
AUTOS TAX FREE
BMW PARK LANE
BROOKS FINEST SHOWROOM

Mutual Funds table with columns: Bid, Ask, and various fund names.

Table with columns: Bid, Ask, and various financial data.

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ESCORTS & GUIDES
REGENCY - USA
LONDON
GENEVA
CAPRICE
ESCORT SERVICE
CACHET U.S.A.
LONDON
ZURICH
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BERLIN CITY ESCORT SERVICE
FRANKFURT - WIESBADEN
HAMBURG ESCORT SERVICE
FRANKFURT ESCORT SERVICE

Language

Social Safety Nets

By William Safire
NEW YORK — Phrase detectors... safety net for Third World loans... 'This includes... basic Social Security and Medicare...'

What is it? The official definition... 'A social safety net encompasses the long-range programs of basic income security...'

Free-Lance Conductor

Rafael Fruhbeck de Burgos Prefers Guest Role

By Joseph McLellan
WASHINGTON — The first problem you encounter in dealing with Rafael Fruhbeck de Burgos is what to call him... 'He is not a musician...'

he was appointed music director in Dusseldorf, in Montreal and, for 15 years of the Orquesta Nacional de Espana in Madrid... 'Precise and Clear...'

orchestra members — who can be very irate about some guest conductors... 'Fruhbeck began his conducting career in the theater...'



PEOPLE: Ford Waxes Lyric

Former U.S. President Gerald R. Ford took a boat ride through the gorges of the Yangtze River... 'The scenery was unbelievable...'

The Carnegie Foundation's Walter Pater Prize will go this year for the first time to an entertainer... 'Elizabeth Taylor will gallop across the stage...'

Prince Charles started a long partying from his fiancée Sunday... 'Regents of the University of Hartford, Conn., have told the sculptor...'

Regents of the University of Hartford, Conn., have told the sculptor... 'Elizabeth Taylor will gallop across the stage...'

ANNOUNCEMENTS
SEXUAL THERAPY for serious couples... MOVING... AVOID INTERNATIONAL ENTANGLEMENTS... INTERDEAN

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